

**BOND INDENTURE**

By and Between

**CITY OF ORANGE COMMUNITY FACILITIES DISTRICT NO. 06-1 (DEL RIO PUBLIC  
IMPROVEMENTS)**

and

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

Relating to

\$ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 06-1  
(DEL RIO PUBLIC IMPROVEMENTS)  
OF THE  
CITY OF ORANGE  
2026 SPECIAL TAX REFUNDING BONDS**

Dated as of July 1, 2026

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## BOND INDENTURE

THIS BOND INDENTURE, dated as of July 1, 2026 (the “**Indenture**”), by and between CITY OF ORANGE COMMUNITY FACILITIES DISTRICT NO. 06-1 (DEL RIO PUBLIC IMPROVEMENTS) (the “**District**”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the “**Trustee**”), governs the terms of the Bonds and any Parity Bonds issued in accordance herewith from time to time.

### RECITALS

A. The City Council of the City of Orange (the “**legislative body of the District**” or the “**The City**”), as the legislative body of the District, has previously undertaken proceedings and declared the necessity for the District to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “**Act**”).

B. Based upon certain resolutions adopted by the legislative body of the District and an election held on December 12, 2006, authorizing the levy of a special tax and the issuance of bonds by the District, the District was authorized to issue bonds for one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$47,000,000.

C. The District previously issued the \$23,920,000 City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2015 Special Tax Refunding Bonds (the “**2015 Bonds**”) for the purpose of refinancing certain public facilities within the District.

D. The legislative body of the District has determined to redeem the outstanding 2015 Bonds through the issuance of its \$ \_\_\_\_\_ 2026 Special Tax Refunding Bonds (the “**Bonds**”).

E. The District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied.

In order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the promises and the mutual covenants contained herein and the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as such term is defined herein) which may be issued hereunder from time to time, as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.1. Defined Terms.** Unless the context otherwise requires, the following terms shall have the following meanings:

“**Account**” means any account created pursuant to this Indenture.

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

**“Administrative Costs”** means reasonable charges, fees, costs, losses, liabilities and expenses that the Bond Insurer may pay or incur, including, but not limited to, reasonable fees and expenses of the Bond Insurer’s agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Indenture and any other document executed in connection with the Bonds.

**“Administrative Expenses”** means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

**“Administrative Expenses Account”** means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

**“Administrative Expenses Cap”** means an amount equal to \$\_\_\_\_\_ for the first Bond Year, increasing by 2% per annum for each subsequent Bond Year, or such lesser amount as may be designated in written instructions from an Authorized Representative of the City.

**“Alternative Credit Instrument”** has the meaning given for such term as provided in Section 3.6 hereof.

**“Alternative Penalty Account”** means the account by that name created and established in the Rebate Fund pursuant to Section 3.1.

**“Annual Debt Service”** means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

**“Authorized Representative of the City”** means the Mayor, the City Manager, the City Treasurer, the Assistant City Manager and the Financial Services Officer of the City or any other officer or employee of the City authorized by the City Council or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer, acting on behalf of the District.

[**“Bond Insurer”** means \_\_\_\_\_, or any successor thereto.

**“Bond Insurer Policy Payment”** has the meaning given for such term as provided in Section 10.15 hereof.

**“Bond Insurer Policy Payment Account”** has the meaning given for such term as provided in Section 10.14 hereof.

**“Bond Insurer Reimbursement Amounts”** has the meaning given for such term as provided in Section 10.15 hereof.]

**“Bond Counsel”** means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

**“Bond Register”** means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

**“Bondowner”** or **“Owner”** means the person or persons in whose name or names any Bond or Parity Bond is registered on the Bond Register.

**“Bonds”** means the City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds issued under this Indenture.

**“Bond Year”** means the twelve month period commencing on September 2 of each year and ending on October 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first October 1 which is not more than 12 months after the Delivery Date.

**“Business Day”** means a day which is not a Saturday or Sunday or a day of the year on which banks or trust companies in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located is required or authorized by law, regulation or executive order to close or to remain closed, or a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is not operational.

**“Certificate of an Authorized Representative”** means a written certificate executed by an Authorized Representative of the City.

**“City”** means the City of Orange, County of Orange, California.

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

**“Claim”** means any claim or enforcement proceeding in connection with an Insolvency Proceeding.

**“Code”** means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement, dated as of the date of this Indenture, by and between the District and the Dissemination Agent named therein, as amended.

**“Costs of Issuance”** means the costs and expenses incurred in connection with the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

“**Costs of Issuance Fund**” means the fund by that name established pursuant to Section 3.1.

“**Delivery Date**” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“**Depository**” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, or any other securities depository acting as Depository under Article II.

“**District**” means City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) established pursuant to the Act and the Resolution of Formation.

“**Escrow Agent**” means U.S. Bank Trust Company, National Association, as escrow agent under the Escrow Agreement.

“**Escrow Agreement**” means the Escrow Agreement (2015 Bonds), dated as of the date of this Indenture, by and between the Escrow Agent and the District.

“**Escrow Fund**” means the fund by that name established under the Escrow Agreement.

“**Event of Default**” means an event described in Section 8.1.

“**Federal Securities**” means any of the following, which shall in all circumstances be non-callable: (a) Treasuries; and (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“**Fiscal Year**” means the period beginning on July 1 of each year and ending on June 30 of the following year.

“**Governmental Authority**” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“**Independent Financial Consultant**” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom: (a) is in fact independent and not under the domination of the District; (b) does not have any substantial interest, direct or indirect, in the District; and (c) is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

“**Indenture**” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article 6.

**“Insolvency Proceeding”** means any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law.

**“Insured Bonds”** means the Bonds maturing on October 1, 20\_\_ through 20\_\_, inclusive.

**“Insurer Default”** means: (A) the Bond Insurer has failed to make any payment under the Policy when due and owing in accordance with its terms; (B) the Bond Insurer shall: (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law; (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition; (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property; (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding; (v) make a general assignment for the benefit of creditors; or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Bond Insurer (including without limitation under the New York Insurance Law).]

**“Interest Account”** means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

**“Interest Payment Date”** means October 1, 2026 and each April 1 and October 1 thereafter; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the following Business Day.

[**“Late Payment Rate”** means the lesser of: (a) the greater of: (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (the **“Prime Rate”**) (any change in such Prime Rate to be effective on the date that such change is announced by JPMorgan Chase Bank, N.A.) plus \_%; and (ii) the then-applicable highest rate of interest on the Insured Bonds; and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event that JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as the Bond Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the Bond Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.]

**“Maximum Annual Debt Service”** means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year: (a) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and (b) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

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

“**Net Taxes**” means Special Taxes less amounts set aside to pay Administrative Expenses not to exceed the Administrative Expenses Cap.

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

“**Ordinance**” means Ordinance No. 17-06 adopted by the legislative body of the District on January 9, 2007, providing for the levying of the Special Tax.

“**Outstanding**” or “**Outstanding Bonds and Parity Bonds**” means all Bonds and Parity Bonds theretofore issued by the District, except: (a) Bonds and Parity Bonds cancelled or surrendered for cancellation in accordance with Section 10.1; (b) Bonds and Parity Bonds for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and (c) Bonds and Parity Bonds that have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 or for which a replacement has been issued pursuant to Section 2.10.

“**Parity Bonds**” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“**Participants**” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“**Permitted Investments**” means:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence issued or guaranteed by any of the following federal agencies and provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) U.S. Export-Import Bank (Direct obligations or fully guaranteed certificates of beneficial ownership); (ii) Farmers Home Administration (Certificates of beneficial ownership); (iii) Federal Financing Bank; (iv) Federal Housing Administration Debentures; (v) General Services Administration Participation certificates; (vi) Government National Mortgage Association (guaranteed mortgage-backed bonds or guaranteed pass-through obligations); (vii) U.S. Maritime Administration (Guaranteed Title XI financing); and (viii) U.S. Department of Housing and Urban Development (Project Notes, Local Authority Bonds, New Communities Debentures – United States government guaranteed debentures and U.S. Public Housing Notes and Bonds – United States government guaranteed public housing notes and bonds);

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) Federal Home Loan Bank System (Senior debt obligations); (ii) Federal Home Loan Mortgage Corporation (Participation Certificates and Senior debt obligations); (iii) Federal National Mortgage Association (Mortgage-backed securities and senior debt obligations); (iv) Student Loan Marketing Association

(Senior debt obligations); (v) Resolution Funding Corporation obligations; and (vi) Farm Credit System (Consolidated systemwide bonds and notes);

(d) Money market mutual funds that constitute “Government Funds” under Rule 2a-7 promulgated by the Securities and Exchange Commission and that are registered under the Federal Investment Company Act of 1940 the shares of which are registered under the Federal Securities Act of 1933, and having a rating in the highest investment category granted thereby from Standard & Poor’s or Moody’s, with a minimum of \$500 million in assets under management, including funds for which the Trustee or its affiliates receive and retain a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(e) Certificates of deposit (including those placed by a third party pursuant to a separate agreement between the District and the Trustee) secured at all times by collateral described in clauses (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks of which the short-term obligations are rated A-1 or better and P1 or better by Moody’s or Standard & Poor’s, respectively, which may include the Trustee and its affiliates. The collateral must be held by a third party and the Trustee on behalf of the Owners of the Bonds must have a perfected first security interest in the collateral;

(f) Certificates of deposit (including those placed by a third party pursuant to a separate agreement between the District and the Trustee), demand deposits, savings accounts, deposit accounts, time deposits, other deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest-bearing money market accounts, bankers acceptances or money market deposits which are insured by Federal Deposit Insurance Corporation, including BIF and SAIF; or

(g) Investment agreements with domestic or foreign banks, insurance companies other than a life or property casualty insurance company, or corporations the long-term debt or claims paying ability of which or, in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, of the guarantor is rated in at least the AA category by Standard & Poor’s and Moody’s; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds (if the funds invested pursuant to the investment agreement are from the Reserve Account);

(ii) the invested funds are available for withdrawal without penalty or premium, upon not more than seven (7) days’ prior notice;

(iii) the investment agreement shall provide that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(iv) the District and the Trustee receive the opinion of domestic counsel (which opinion shall be addressed to the District) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(v) the investment agreement shall provide that if during its term: (1) the provider's rating by either Standard & Poor's or Moody's falls below AA- or Aa3, respectively, the provider shall, at its option, within ten (10) Business Days after the provider's receipt of a written request from the Trustee to satisfy the foregoing, either: (I) collateralize the investment agreement by delivering or transferring in accordance with the applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "**Holder of the Collateral**") collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at one hundred five percent (105%) of securities identified in clauses (a) and (b) of this definition; or (II) assign the investment agreement and all of its obligations thereunder to, or enter into a repurchase agreement or such other agreement with, a financial institution that is mutually acceptable to the provider and the District which is rated either in the first or second highest category by Standard & Poor's and Moody's; and (2) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below A- or A3, respectively, the provider must, at the direction of the District or the Trustee, within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the invested funds, in either case with no penalty or premium to the District or the Trustee;

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

(vii) the investment agreement shall provide that if during its term: (1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the District or the Trustee, as appropriate; and (2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the District or the Trustee, as appropriate;

(h) Commercial paper rated, at the time of purchase, Prime - 1 by Moody's and A-1 or better by Standard & Poor's having original maturity of not more than 180 days issued by a domestic corporation having assets in excess of \$500 million;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's or Standard & Poor's in one of the two highest rating categories assigned by them;

(j) Federal funds or bankers acceptances with a maximum term of 270 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime - 1 or A3 or better by Moody's and A-1 or better by Standard & Poor's;

(k) Repurchase agreements that satisfy the following criteria:

(i) Repurchase agreements must be between the District or the Trustee and a dealer bank or securities firm which is: (1) A primary dealer on the Federal Reserve reporting dealer list which is rated A or better by two of the following Standard & Poor's, Moody's, or Fitch Ratings;

or (2) A domestic bank or a domestic branch of a foreign bank rated A or above by two of the following: Standard & Poor's, Moody's or Fitch Ratings; or (3) Corporations the long-term debt or claims paying ability of which, or in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, is rated in at least the double A category by Standard & Poor's and Moody's; and

(ii) The written agreement must include the following: (1) Securities which are acceptable for transfer are: (I) direct obligations of the United States government; or (II) obligations of federal agencies backed by the full faith and credit of the United States of America (or the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation); (2) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities); and (3) (I) The securities must be valued weekly, marked-to-market at current market price plus accrued interest; (II) The value of the collateral must be at least equal to one hundred five percent (105%) of the amount of money transferred by the Trustee to the dealer, bank or security firm under the agreement plus accrued interest. If the value of the securities held as collateral is reduced below one hundred five percent (105%) of the value of the amount of money transferred by the Trustee, then additional acceptable securities and/or cash must be provided as collateral to bring the value of the collateral to one hundred five percent (105%); provided, however, that if the securities used as collateral are those of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, then the value of the collateral must be at least equal to one hundred five percent (105%) of the amount of money transferred by the Trustee; and (III) A legal opinion must be delivered to the District and the Trustee that the repurchase agreement meets the requirements of California law with respect to the investment of public funds; and (IV) Should the provider's rating by either Standard & Poor's or Moody's be withdrawn or suspended or fall below A- or A3, respectively, the provider must, at the direction of the District or the Trustee (acting at the direction of the District), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the invested funds, in either case with no penalty or premium to the District or the Trustee;

(l) the Local Agency Investment Fund in the State Treasury of the State of California as permitted by the State Treasurer pursuant to Section 16429.1 of the California Government Code;

(m) forward delivery agreements or forward purchase and sale agreements with a domestic or foreign bank or corporation the long-term debt or claims paying ability of which, or in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, of the guarantor is rated at least in the A category by Standard & Poor's and Moody's; provided that, by the terms of the agreement; the underlying investment property consists of those investments which are listed in (a), (b), (c) and (h) above; and

(n) the City's pooled investment fund invested pursuant to the City's investment policy.

“**Person**” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

[“**Policy**” means the Municipal Bond Insurance Policy No. \_\_\_\_\_ issued by the Bond Insurer that guarantees the scheduled payment of principal of and interest on the Insured Bonds when due.

“**Policy Costs**” has the meaning given for such term as provided in Section 3.6 hereof.]

“**Prepayments**” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method.

“**Principal Account**” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“**Principal Office of the Trustee**” means the office of the Trustee located in Los Angeles, California (currently 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Global Corporate Trust), or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued; provided, however, that for purposes of the surrender or presentation of Bonds for payment, transfer or exchange, the Principal Office of the Trustee shall be the designated corporate trust operations or agency office of the Trustee.

“**Project**” means those public facilities described in the Resolution of Formation which were refinanced with the proceeds of the 2015 Bonds, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“**Rate and Method**” means the Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District on December 12, 2006 and recorded on December 26, 2006 as Document No. 2006000863536.

“**Rating Agency**” means Moody’s and Standard & Poor’s, or both, as the context requires.

“**Rebate Account**” means the account by that name created and established in the Rebate Fund pursuant to Section 3.1.

“**Rebate Fund**” means the fund by that name established pursuant to Section 3.1 in which there are established the Accounts described in Section 3.1.

“**Rebate Regulations**” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“**Record Date**” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“**Redemption Account**” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“**Regulations**” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“**Representation Letter**” means the Blanket Representation Letter from the District to the Depository as described in Article II.

“**Reserve Account**” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“**Reserve Policy**” means Municipal Bond Debt Service Reserve Insurance Policy No. \_\_\_\_\_ issued by the Bond Insurer for deposit into the Reserve Account.

“**Reserve Requirement**” means, as of the date of calculation: (a) with respect to the Bonds, an amount equal to the least of: (i) Maximum Annual Debt Service with respect to the Bonds; (ii) 125% of average Annual Debt Service on the then-Outstanding Bonds; or (iii) ten percent (10%) of the initial outstanding principal amount of the Bonds; provided that the Reserve Requirement shall never exceed the amount established pursuant to the foregoing calculation at the time of issuance of the Bonds; and (b) with respect to such Parity Bonds, an amount equal to the least of: (i) Maximum Annual Debt Service with respect to such Parity Bonds; (ii) 125% of average Annual Debt Service on such Parity Bonds; or (iii) ten percent (10%) of the initial outstanding principal amount of such Parity Bonds; provided that the Reserve Requirement shall never exceed the amount established pursuant to the foregoing calculation at the time of issuance of such Parity Bonds.

“**Resolution of Formation**” means Resolution No. 10139 adopted by the City Council of the City on December 12, 2006, pursuant to which the City formed the District.

“**Responsible Officer**,” means, when used with respect to the Trustee, any managing director, president, vice president, senior associate, associate or other officer of the Trustee within the Principal Office of the Trustee (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 10.8 because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“**Sinking Fund Payment**” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) and any annual sinking fund payment schedule to retire any Parity Bonds that are designated as Term Bonds.

“**Six-Month Period**” means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

“**Special Tax Fund**” means the fund by that name created and established pursuant to Section 3.1.

“**Special Taxes**” means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act, the Rate and Method, and the voter approval obtained at the December 12, 2006 special election in the District, including any scheduled payments and any Prepayments thereof, and the net proceeds of the redemption or sale

of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

“**Standard & Poor’s**” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

“**Supplemental Indenture**” means any supplemental indenture amending or supplementing this Indenture.

“**Surplus Fund**” means the fund by that name created and established pursuant to Section 3.1.

“**Tax Certificate**” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“**Tax-Exempt**” means, with reference to a Permitted Investment, a Permitted Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

“**Term Bonds**” means any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“**Treasuries**” means non-callable direct obligations of the United States of America, including United States Treasury Notes, Certificates and Bonds and State and Local Government Series.

“**Trustee**” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, having a principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank, national banking association or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“**Underwriter**” means Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Bonds.

“**Verification Report**” has the meaning given for such term as provided in Section 9.1 hereof.

“**2015 Bonds**” means the City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2015 Special Tax Refunding Bonds issued on March 18, 2015 in the original aggregate principal amount of \$23,920,000.

## ARTICLE II

### GENERAL AUTHORIZATION AND BOND TERMS

**Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds.** Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$\_\_\_\_\_ shall be issued for the purpose of refunding the outstanding 2015 Bonds, funding a reserve fund for the Bonds and paying Costs of Issuance. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other

than amounts in the Administrative Expenses Account of the Special Tax Fund). The aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors of the District in accordance with the Act.

**Section 2.2. Type and Nature of Bonds and Parity Bonds.** Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expenses Account), as more fully described herein. The District's limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account) which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon. Neither the members of the City Council of the City nor any persons executing the Bonds or any Parity Bonds are liable personally on the Bonds or any Parity Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds and any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

**Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Taxes.** Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from and secured by a pledge and lien upon the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Reserve Account, which shall only secure the Bonds, and the Administrative Expenses Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account), which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds; and, so long as any of the Bonds and any Parity Bonds or interest thereon remains Outstanding, amounts in the Special Tax Fund shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall

no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Costs of Issuance Fund or the Administrative Expenses Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (a) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption, and the payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

**Section 2.4. Description of Bonds; Interest Rates.** The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds and any Parity Bonds shall be initially issued in the form of a single certificated fully registered bond for each maturity.

The Bonds shall be designated “City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds.” The Bonds shall be dated as of their Delivery Date and shall mature and be payable on October 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on each Interest Payment Date:

<i>Maturity Date</i> <i>(October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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The District and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of

payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a certificated Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture.

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of such Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

**Section 2.5. Place and Form of Payment.** The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of such Bond or Parity Bond, unless: (a) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (b) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (c) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on such Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such Bond or Parity Bond, interest on such Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed on the applicable Interest Payment Date by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated in writing by such Owner. Notwithstanding the foregoing, as long as the Depository is the Owner of all or part of the Bonds or Parity Bonds, said interest payments shall be made to the Depository in accordance with the procedures of such Depository, which as of the date of this Indenture are by wire transfer in immediately available funds.

**Section 2.6. Form of Bonds and Parity Bonds.** The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form set forth in Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, are prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

**Section 2.7. Execution and Authentication.** The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk of the City, or any duly appointed deputy City Clerk, in their capacity as officers of the City, and the seal of the City (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the City Clerk of the City. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds that bear a certificate of authentication in the form set forth in Exhibit A shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

**Section 2.8. Bond Register.** The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior written notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner thereof for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may

rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

**Section 2.9. Registration of Exchange or Transfer.** Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the Principal Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Bonds or Parity Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of: (a) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (b) any Bonds or Parity Bonds chosen for redemption.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

**Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.** If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1. If any Bond or Parity Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall

be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

**Section 2.11. Validity of Bonds and Parity Bonds.** The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the refunding of the 2015 Bonds, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the refunding of the 2015 Bonds or upon the performance by any Person of such Person's obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State of California shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 2.12. Book Entry System.**

(a) Election of Book Entry System. Prior to the issuance of the Bonds and any Parity Bonds, the District may provide that such Bonds and Parity Bonds shall be initially issued as book entry bonds. If the District shall elect to deliver any Bonds or Parity Bonds in book entry form, then the District shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bonds or Parity Bonds in an authorized denomination corresponding to that total principal amount of the Bonds or Parity Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond or Parity Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds or Parity Bonds, or any portion thereof may not thereafter be transferred except as provided in subsection (e).

With respect to book entry Bonds or Parity Bonds, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book entry bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry bonds to be redeemed in the event that the District redeems the Bonds or Parity in part; (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry bonds; or (v) any consent given or other action taken by the Depository as Bondowner. The District and the Trustee may treat and consider the person in whose name each book entry bond is registered in the Bond Register as the absolute Owner of such book entry bond for the purpose of payment of principal of, premium and interest on such Bond or Parity Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond or Parity Bond, for the purpose of registering transfers with respect to such Bond or Parity Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the

Bonds or Parity Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds or Parity Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond or Parity Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds or Parity Bonds. Upon delivery by the Depository to the District and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(b) Delivery of Representation Letter. In order to qualify the book entry bonds for the Depository's book entry system, the District and the Trustee (if required by the Depository) shall execute and deliver to the Depository a Representation Letter. The execution and delivery of a Representation Letter shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book entry bonds other than the Owners, as shown on the Bond Register. By executing a Representation Letter, the Trustee shall agree to take all action necessary at all times so that the Trustee will be in compliance with all representations of the Trustee in such Representation Letter. In addition to the execution and delivery of a Representation Letter, the District and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry bonds; or (ii) the District determines that continuation of the book entry system is not in the best interest of the beneficial owners of the Bonds, the Parity Bonds or the District, then the District will discontinue the book entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each of the maturity dates of such book entry bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e). If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds or Parity Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds or Parity Bonds shall designate, in accordance with the provisions of this Indenture.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding Bonds or Parity Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such Bonds or Parity Bonds and all notices with respect thereto shall be made and given, respectively to the Nominee, as provided in the Representation Letter or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(1) The Bonds shall be initially issued as provided in Section 2.1. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of the Depository or its nominee, or of any substitute depository designated pursuant to clause (ii) below (a "**Substitute Depository**"); provided

that any successor of the Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository, upon: (I) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository; or (II) a determination by the District that the Depository (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon: (I) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository; or (II) a determination by the District that the Depository or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(2) In the case of any transfer pursuant to clauses (i) or (ii) of subsection (1), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (iii) of subsection (1), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee, new Bonds, which the District shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.1; provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(3) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, the Depository or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Representation Letter. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such Bonds shall be controlling.

(4) The District and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including the Depository or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

**Section 2.13. Initial Depository and Nominee.** The initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

**Section 3.1. Creation of Funds; Application of Proceeds.**

(a) There are hereby created and established and shall be maintained by the Trustee the following funds and accounts:

(1) The City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds Special Tax Fund (the “**Special Tax Fund**”) (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account and an Administrative Expenses Account).

(2) The City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds Rebate Fund (the “**Rebate Fund**”) (in which there shall be established a Rebate Account and an Alternative Penalty Account).

(3) The City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds Costs of Issuance Fund (the “**Costs of Issuance Fund**”).

(4) The City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds Surplus Fund (the “**Surplus Fund**”).

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.10 hereof. The Trustee may, in its discretion, establish temporary funds or accounts in its books and records to facilitate such transfers.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the City, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds received by the Trustee in the amount of \$\_\_\_\_\_ (representing the initial aggregate principal amount of the Bonds of \$\_\_\_\_\_, [plus/less] \$\_\_\_\_\_ of [net original issue premium/discount], less \$\_\_\_\_\_ of Underwriter’s discount and less \$\_\_\_\_\_ paid directly to the Bond Insurer by the Underwriter) shall be received on behalf of the District and deposited and transferred as follows:

(1) \$\_\_\_\_\_ shall be transferred to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) \$\_\_\_\_\_ shall be transferred to the Escrow Agent for deposit in the Escrow Fund.

(3) \$\_\_\_\_\_ shall be transferred to the Reserve Account, representing 50% of the Reserve Requirement, and will be credited to the Reserve Account as provided in Section 3.6 hereof.

The Trustee shall deposit in the Reserve Account the Reserve Policy, which amount represents 50% of the Reserve Requirement as of the Closing Date of the Bonds and will be credited to the various accounts in the Reserve Account as provided in Section 3.6 hereof.

(c) \$\_\_\_\_\_ on deposit in the Fiscal Agent Agreement pursuant to which the 2015 Bonds shall be transferred to the Trustee and received on behalf of the District and shall be transferred to the Escrow Agent for deposit in the Escrow Fund.

(d) \$\_\_\_\_\_ on deposit with the City shall be transferred to the Trustee and received on behalf of the District and transferred to the Escrow Agent for deposit in the Escrow Fund.

The Trustee may, in its discretion, establish temporary funds, accounts or subaccounts in its books and records to facilitate such transfers.

### **Section 3.2. Deposits to and Disbursements from Special Tax Fund.**

(a) Except for the portion of any Prepayment to be deposited in the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) the Administrative Expenses Account of the Special Tax Fund up to the Administrative Expenses Cap;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

(4) the Redemption Account of the Special Tax Fund;

(5) the Reserve Account of the Special Tax Fund and any reserve account established in connection with the issuance of any Parity Bonds;

(6) the Administrative Expenses Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expenses Cap;

(7) the Rebate Fund; and

(8) the Surplus Fund.

(b) Upon the maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and

any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

**Section 3.3. Administrative Expenses Account of the Special Tax Fund.** The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expenses Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the City; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds to the Reserve Requirement, all as determined by the District. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expenses Account to the extent necessary to collect delinquent Special Taxes, as directed in writing by an Authorized Representative of the City. Moneys in the Administrative Expenses Account of the Special Tax Fund may be invested in any Permitted Investments as directed in writing by an Authorized Representative of the City and shall be disbursed as directed in a Certificate of an Authorized Representative.

**Section 3.4. Interest Account and Principal Account of the Special Tax Fund.** The principal of (including any Sinking Fund Payment) and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption under Sections 4.1(a) and (c), shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of (including any Sinking Fund Payment) and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least one Business Day prior to each April 1 and October 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account and any reserve account established in connection with any Parity Bonds) are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account and any reserve account established in connection with the issuance of any Parity Bonds:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date that remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to October 1 of each year shall equal the principal payment (including any Sinking Fund Payment) due on the Bonds and any Parity Bonds maturing on such October 1 and any principal payment due on a previous October 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal (including any Sinking Fund Payment) of such Bonds and any Parity Bonds as the same become due at maturity.

**Section 3.5. Redemption Account of the Special Tax Fund.**

(a) After making the deposits to the Administrative Expenses Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds will equal the Reserve Requirement, as determined by the District.

(b) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(c) for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds, shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender (if required) of such Bonds or Parity Bonds and, in the case of an optional redemption or an extraordinary redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine, but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Sections 4.1(a) or 4.1(c), as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

**Section 3.6. Reserve Account of the Special Tax Fund.** There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The Reserve Policy shall be drawn upon solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due, and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall draw upon the Reserve Policy for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes. 50% of the Reserve Requirement will initially be satisfied by the Reserve Policy and 50% will initially be satisfied with

the deposit from proceeds of the Bonds pursuant to Section 3.1(b) hereof. Notwithstanding anything in this Indenture to the contrary, for so long as the Bonds remain outstanding, 50% of the Reserve Requirement shall be satisfied with cash, unless the Bond Insurer provides its prior written consent. The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account, if any. Amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Bonds.

The following provisions govern the Reserve Policy and the Reserve Account:

(a) The District shall repay the Bond Insurer any draws under the Reserve Policy and pay all related Administrative Costs that the Bond Insurer may pay or incur. Interest shall accrue and be payable on such draws and Administrative Costs from the date of payment by the Bond Insurer at the Late Payment Rate.

Repayment of draws and payment of Administrative Costs and interest accrued thereon at the Late Payment Rate (collectively, the “**Policy Costs**”) shall commence in the first month following each draw and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Policy will be reinstated by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Reserve Account and the Surplus Fund shall be transferred to the Special Tax Fund for payment of the debt service on the Insured Bonds before any drawing may be made on the Reserve Policy or on any alternative credit instrument on deposit in the Reserve Account in lieu of cash (each, an “**Alternative Credit Instrument**”).

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Alternative Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the available coverage under each such Alternative Credit Instrument) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Alternative Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “**available coverage**” means the coverage then available for disbursement pursuant to the terms of the applicable Alternative Credit Instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws on the Reserve Policy may only be used to make payments of principal of and interest on the Bonds (and for the avoidance of doubt, not any other obligations of the District, whether issued on parity with the Bonds, or otherwise).

(c) If the District shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than: (i) acceleration of the maturity of the Bonds; or (ii) remedies which would adversely affect Bondowners.

(d) In order to secure the District's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Bond Insurer a security interest (subordinate only to that of the Bondowners) in all revenues and collateral pledged as security for the Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) above and shall provide notice to the Bond Insurer in accordance with the terms of the Reserve Policy at least five (5) Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the District with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Bond Insurer of any failure of the District to make timely payment in full of such deposits within two (2) Business Days of the date due.

(f) The Reserve Policy shall expire on the earlier of the date that the Bonds are no longer outstanding and the final maturity date of the Bonds.

### **Section 3.7. Rebate Fund.**

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund and shall establish a separate Rebate Account and Alternative Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternative Penalty Account shall be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by this Section 3.7 and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

(1) Rebate Account. The following requirements shall be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each fifth Bond Year, the District shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate for each issue, upon the written direction of an Authorized Representative of the City, an amount shall be deposited to each subaccount of the Rebate Account by the Trustee from any funds so designated by the District if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebatable

Arbitrage so calculated by or on behalf of the District in accordance with subsection (a)(1)(i) with respect to the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the City, the Trustee shall withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in each subaccount of the Rebate Account: (X) not later than 60 days after the end of: (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable; and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds, as applicable; and (Y) not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, as applicable, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time that any payment is required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared and signed by the District, or shall be made in such other manner as provided under the Code. The Trustee may rely conclusively upon the District's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the District's calculations hereunder.

(2) Alternative Penalty Account.

(i) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District shall obtain expert advice in making such determinations.

(ii) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Trustee, at the written direction of an Authorized Representative of the City, shall deposit an amount in the appropriate subaccounts of the Alternative Penalty Account from any source of funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in subsection (a)(2)(i). In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternative

Penalty Account exceeds the amount required to be on deposit therein to make the payments required by subsection (a)(2)(iii), the Trustee, at the written direction of an Authorized Representative of the City, may withdraw the excess from the applicable subaccount of the Alternative Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in a subaccount of the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time that any payment is required to be made from a subaccount of the Alternative Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternative Penalty Account from any funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(2) shall be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, prepared and signed by the District, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or an issue of Parity Bonds after redemption and payment of such issue and after making the payments described in subsections (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District and the Trustee an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis, in addition to any opinions required by the Trustee under Section 6.3 hereof.

**Section 3.8. Surplus Fund.** After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7, as soon as practicable after each October 1, and in any event prior to each November 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative of the City directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b). Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the City: (a) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any

Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (b) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (c) to the Administrative Expenses Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expenses Account of the Special Tax Fund are insufficient to pay Administrative Expenses; or (d) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

**Section 3.9. Costs of Issuance Fund.** The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the City, and any balance therein shall be transferred by the Trustee to the Interest Account as directed in writing by an Authorized Representative of the City or 90 days following the issuance of the Bonds, whichever is earlier. The Costs of Issuance Fund shall thereafter be closed.

**Section 3.10. Investments.** Moneys held in any of the funds, Accounts and subaccounts under this Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such funds, Accounts and subaccounts. Any loss resulting from such Permitted Investments shall be credited or charged to the fund, Account or subaccount from which such investment was made, and any investment earnings on a fund, Account or subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective funds and Accounts; and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the funds, Accounts and subaccounts held under this Indenture may be invested by the Trustee as directed in writing (filed by the District with the Trustee two (2) Business Days in advance of the making of the investment) from time to time, in Permitted Investments subject to the following restrictions:

(a) Moneys in the Costs of Issuance Fund and the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an investment agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(b) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an investment agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6; and provided that no such Permitted Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(c) Moneys in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7, or in Permitted Investments of the type described in clause (g) of the definition thereof.

(d) In the absence of written investment directions from the District, the Trustee shall hold such moneys uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment as directed in writing by the District whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and Accounts or from such funds and Accounts. For the purpose of determining at any given time the balance in any such funds and Accounts, any such investments constituting a part of such funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations hereunder, the Trustee may utilize and conclusively rely on, without liability, such generally recognized pricing information services (including brokers and dealers in securities) as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Trustee shall not be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the District to provide timely written investment direction. The Trustee may conclusively rely upon the District's written instructions as to both suitability and legality of the directed investments.

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for such investment, including account maintenance fees. The Trustee may sell, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including account maintenance fees. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories.

The District acknowledges that, to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such

confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Ratings of Permitted Investments referred to herein shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor ratings of Permitted Investments after the initial purchase of such Authorized Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

**Section 4.1. Redemption of Bonds.**

(a) Optional Redemption. The Bonds with stated maturities on or after October 1, 20\_\_ are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the District in a written request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to redemption, by lot within each maturity in integral multiples of \$5,000, on October 1, 20\_\_ or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The Term Bonds shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on October 1, 20\_\_, and October 1, 20\_\_, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

TERM BONDS MATURING OCTOBER 1, 20\_\_

<i>Redemption Date (October 1)</i>	<i>Principal Amount</i>
--	-------------------------

\$

\*

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\* Maturity.

If, during the Fiscal Year immediately preceding one of the redemption dates specified above, the District purchases Bonds, at least 45 days prior to the redemption date the District shall notify the Trustee as to the principal amount purchased and the amount of Bonds so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the Bonds so purchased. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1.

In the event of a partial optional redemption or extraordinary redemption of the Bonds, each of the remaining Sinking Fund Payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000, as directed by the District.

(c) Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.5(b), plus amounts transferred from the Reserve Account pursuant to Section 3.6, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from (and including) October 1, 20__ through (and including) April 1, 20__	___%
October 1, 20__ and April 1, 20__	___
October 1, 20__ and April 1, 20__	___
October 1, 20__ and any Interest Payment Date thereafter	___

The District shall notify the Trustee of any extraordinary redemption at least 45 days prior to the Interest Payment Date on which such redemption shall occur.

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

**Section 4.2. Selection of Bonds and Parity Bonds for Redemption.** If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof; provided, however, that Bonds held by the Depository shall be subject to the procedures and requirements of the Depository. The Trustee shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

**Section 4.3. Notice of Redemption.** When Bonds or Parity Bonds are due for redemption under Section 4.1 or the terms of a Supplemental Indenture, respectively, subject in the case of optional redemption to its receipt of timely notice from the District of its election to exercise optional redemption, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds; provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments shall be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. Such notice of redemption shall: (a) specify the CUSIP numbers (if any) and the maturity date or dates of the Bonds or Parity Bonds selected for redemption; (b) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond that is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee (the Trustee having no duty to state such additional descriptive information). Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond,

Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties, and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption. Redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. In addition to providing any notice of redemption to the Bondowners, if the Bonds are held in book-entry form, each further notice of redemption shall be sent not later than the date that notice of redemption is mailed to the Bondowners by registered or certified mail or overnight delivery service to the Depository and by electronic notice to the Municipal Securities Rulemaking Board.

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

With respect to any notice of optional redemption or extraordinary redemption of Bonds or Parity Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds or Parity 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 Trustee shall not be required to redeem such Bonds or Parity Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

**Section 4.4. Partial Redemption of Bonds or Parity Bonds.** Upon surrender by the Owner of a Bond, at the option of such Owner, for mandatory redemption at the Principal Office of the Trustee, payment of such mandatory redemption of the principal amount of a Bond will be paid to such Owner. Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations. Such mandatory redemption shall be valid upon payment of the amount thereby required to be paid to such Owner, and the District and the Trustee shall be released and discharged from all liability to the extent of such payment.

**Section 4.5. Effect of Notice and Availability of Redemption Money.** Notice of redemption having been duly given, as provided in Section 4.3, and the amount necessary for the redemption having been made available to the Trustee for that purpose and being available to the Trustee therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date, the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption, no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

## ARTICLE V

### COVENANTS AND WARRANTY

**Section 5.1. Security.** The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

**Section 5.2. Covenants.** So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Finance Director of the City to deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Indenture to the extent that Net Taxes and other amounts pledged hereunder are

available therefor, and that the payments into the funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, this Indenture and any Supplemental Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness that is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. Beginning in Fiscal Year 2026-27 and continuing so long as any Bonds or Parity Bonds are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay: (i) the principal of and interest on the Bonds and any Parity Bonds when due; (ii) the Administrative Expenses; and (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund and any reserve account established in connection with the issuance of such Parity Bonds to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. [The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due and will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided, however, that the District shall not be required to undertake any such foreclosure proceedings if: (i) the amount of Special Taxes collected by the October 1 for the most recent Fiscal Year was equal to 95% or more of the total Special Tax levied in such Fiscal Year; and (ii) the amount on deposit in the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds as of October 1 was at least equal to the Reserve Requirement.]

The District or the Trustee is expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be placed in the Special Tax Fund or otherwise be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act or such lesser amount as determined in the following paragraph or otherwise under Section 53356.6 of the Act. Notwithstanding anything to the contrary herein, in no event shall the Trustee be required to undertake foreclosure proceedings hereunder.

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

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

The District may forgive all or any portion of the Special Taxes levied or to be levied on any parcel in the District, so long as the District determines that such forgiveness is not expected to adversely affect its obligation to pay principal of and interest on the Bonds hereunder.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal of and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account and any reserve account established in connection with the issuance of any Parity Bonds, if any, up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expenses Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action and will refrain from taking any action or making any use of the proceeds of the Bonds or any Parity Bonds or of any other moneys or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds and will not take or omit to take any action that would cause the Bonds or any

Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds;

(6) Miscellaneous. The District will take no action and will refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein;

(7) Other Tax-Exempt Issues. The District will not use proceeds of other tax-exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis; and

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth LLP (“SYCR”), where such opinion is required in connection with a change or amendment to this Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by SYCR that interest on the Bonds and Parity Bonds which are the subject of such change or amendment is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels that required the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in this Section 5.2(g) would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosures. The District covenants to comply with the terms of the Continuing Disclosure Agreement and with the terms of any continuing disclosure agreement executed by the District with respect to any Parity Bonds in order to assist the underwriter thereof in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The 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 and any Parity Bonds of the rights and benefits provided in this Indenture.

## ARTICLE VI

### AMENDMENTS TO INDENTURE

#### **Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent.**

The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, but, with respect to clauses (d), (e) and (f), with the prior written consent of the Bond Insurer so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners, as evidenced by an opinion of Bond Counsel delivered pursuant to Section 6.3 hereunder;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) 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, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding, as evidenced by an opinion of Bond Counsel delivered pursuant to Section 6.3 hereunder;

(e) subject to the provisions of Section 5.2(g), to modify, alter or amend the Rate and Method in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners, as evidenced by an opinion of Bond Counsel delivered pursuant to Section 6.3 hereunder.

The District shall send copies of any such amendments or supplements to the Bond Insurer and the rating agencies which have assigned a rating to the Bonds.

**Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent.**

Exclusive of the Supplemental Indentures described in Section 6.1, and upon receipt of the prior written consent of the Bond Insurer so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting: (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Insurer (so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder) and the Owners of all Bonds and Parity Bonds then Outstanding; or (e) any effect on the rights and interests of the Bond Insurer hereunder except upon the prior written consent of the Bond Insurer.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture together with the written consent of the Bond Insurer (so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder). The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on

file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds that are owned by the District, or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination, except that in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of a Bondowner, only Bonds which a Responsible Officer of the Trustee actually knows to be owned or held by or for the account of the District, or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this Section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds.** After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of such Owner's Bond or Parity Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

In executing, or accepting the additional trusts created by any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture and complies with the terms hereof and that all conditions precedent set forth in this Indenture applicable to the adoption of such Supplemental Indenture, if any, have been satisfied. In addition, in connection with the adoption of a Supplemental Indenture pursuant to Section 6.2, the Trustee shall be entitled to receive and to rely upon an opinion or advice of counsel in determining whether such Supplemental Indenture materially adversely affects the interests of Owners of any Bonds or Parity Bonds (which opinion may rely upon such certificates, reports or other statements as such opining counsel may deem necessary). The Trustee may, but shall not be obligated to, enter into any such

Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

## ARTICLE VII

### TRUSTEE

**Section 7.1. Trustee.** U.S. Bank Trust Company, National Association, shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 for the purpose of receiving all money that the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee shall and is hereby authorized to mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds and to provide for the authentication of Bonds and Parity Bonds and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all of its advances and expenditures, including, but not limited to, advances to and fees, costs and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder and indemnify and save the Trustee, its officers, directors, employees and agents, harmless from and against any losses, costs, claims, expenses, judgments, damages, suits and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct, in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (except claims asserted by the District) or liability in connection with the exercise or performance of any of its powers and duties hereunder or under any documents or transactions contemplated or executed in connection herewith. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee or the discharge of the Bonds.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it.

**Section 7.2. Removal of Trustee.** The District may at any time at its sole discretion, and shall at the direction of a majority of the Owners, remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a 30-day written notice of its decision to remove the Trustee. The District shall appoint a successor or successors thereto, provided that any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$250,000,000, and subject to supervision or examination by federal or state authority. If any bank, national banking association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association 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. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address. The predecessor Trustee shall be and remain entitled to payment in full of the amounts owing to it hereunder.

**Section 7.3. Resignation of Trustee.** The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books at the Principal Office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondowner (on behalf of itself and all other Bondowners) may petition any court of competent jurisdiction, at the expense of the District, 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. The Trustee shall be paid in full for any fees and expense owing to it prior to or contemporaneously with the signing of any instrument or agreement to effect the transfer to a successor Trustee.

**Section 7.4. Liability of Trustee.** The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. 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 accountable for the use of any proceeds of the sale of the Bonds delivered hereunder.

The Trustee shall be protected in relying and acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, statement, requisition, report, Bond, Parity Bond, electronic mail, or other evidence of indebtedness or other paper or document reasonably believed by it to be genuine and correct and to have been signed or presented by the proper party or parties, and shall not be obliged to make any investigation into the facts or matters stated therein. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion

of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

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

Whenever in the administration of its duties under 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 is specifically prescribed herein) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee may refuse to perform any duty or exercise any right or power which would require it to expend its own funds or risk any liability if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

The Trustee shall not be deemed to have knowledge of any default or Event of Default until a Responsible Officer shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Office of the Trustee.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or liable for any failure in or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, pandemics, quarantine restrictions, acts of civil or military authority, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

The Trustee shall not be liable for action taken or omitted to be taken by it in good faith pursuant to and in accordance with the direction of Owners of Bonds or Parity Bonds in aggregate principal amount of the requisite percentage or the District pursuant to and in accordance with any provision contained in this Indenture that permits such party so to direct the Trustee.

In no event shall the Trustee be responsible or liable for special, punitive, indirect or consequential loss or damages of any kind (including but not limited to loss of profit) irrespective of

whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Indenture and delivered using Electronic Means. (“**Electronic Means**” shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s reasonable understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

All immunities, indemnifications and releases from liability granted herein to the Trustee will extend to the directors, employees, officers and agents thereof.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this Indenture unless such Owners shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities (including but not limited to attorneys’ fees and expenses) which may be incurred therein or thereby.

The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys, agents, custodians or nominees appointed with due care and the Trustee shall not be liable for the acts or omissions of such attorneys, agents, custodians or nominees appointed with due care, and shall be entitled to rely on advice of counsel concerning all matters of trust and its rights and duties hereunder.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall 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 his own affairs.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

The Trustee shall not be required to determine the suitability or legality of any investments, and may rely on the investment directions of the District as to both the suitability and legality of the directed investments.

**Section 7.5. Merger or Consolidation.** Any bank, corporation, association or company into which the Trustee may be merged or converted or with which it may be consolidated or any bank corporation, association or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, corporation, association or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 7.6. Rights of Bond Insurer.** Notwithstanding anything in this Article to the contrary, the Bond Insurer shall receive prior written notice of any name change of the Trustee or the resignation or removal of the Trustee. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by the Bond Insurer in writing. No removal, resignation or termination of the Trustee shall take effect until a successor, meeting the requirements of this Section or otherwise acceptable to the Bond Insurer (so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder), shall be qualified and appointed.

## ARTICLE VIII

### EVENTS OF DEFAULT; REMEDIES

**Section 8.1. Events of Default.** Any one or more of the following events shall constitute an “Event of Default”:

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in subsections (a) or (b), default by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds; provided, however, that with the prior written consent of the Bond Insurer, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, such default shall not constitute an Event of Default hereunder if the District shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time not to exceed 90 days after such notice; or

(d) An event of default occurs under any agreement pursuant to which any Parity Bonds or other bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Bonds of the District has been incurred or issued and that permits the holder or trustee of such obligations to accelerate such obligations or otherwise exercise rights or remedies that are adverse to the interest of Insured Bondowners or the Bond Insurer, as the Bond Insurer may determine in its sole discretion.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under subsections (a) or (b) above and within 30 days of a Responsible Officer's knowledge of an Event of Default under subsection (c) above.

**Section 8.2. Remedies of Owners.** Upon the occurrence of an Event of Default, subject to the provisions of Section 8.9, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce the Trustee's rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds; provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Owners of Bonds or Parity Bonds not making such request (the Trustee having no duty to make such determination or judgment).

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owner so affected.

In no event shall the principal of the Bonds or any Parity Bonds be accelerated.

**Section 8.3. Application of Revenues and Other Funds After Default.** Subject to the provisions of Section 8.9, all amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order:

First, to the payment or reimbursement of the fees, costs, advances, charges, disbursements and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, upon presentation of the several Bonds and Parity Bonds, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event that such amounts shall be insufficient to pay the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

**Section 8.4. Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or

otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding that any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Section 8.5. Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.6. Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon 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 conferred upon the Trustee or the Owners by the Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

**Section 8.7. Limitations on Rights and Remedies of Owners.** No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless: (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request (including but not limited to attorneys' fees and costs); and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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 and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.8. Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 8.9. Control by Bond Insurer Upon Default.** Anything in this Indenture to the contrary notwithstanding, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, upon the occurrence and continuance of a default or an Event of Default: (a) the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Insured Bondowners or the Trustee for the benefit of the Insured Bondowners under this Indenture; (b) no default or Event of Default may be waived without the Bond Insurer's written consent; and (c) the Bond Insurer shall be deemed to be sole owner of the Insured Bonds under the Indenture.

## ARTICLE IX

### DEFEASANCE AND PARITY BONDS

**Section 9.1. Defeasance.** If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee.

In connection with a defeasance of Insured Bonds under clauses (b) or (c) above, there shall be provided to the District and the Bond Insurer at least three (3) Business Days prior to such defeasance the following documents, in each case in form and substance satisfactory to the Bond Insurer: (i) a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, addressed to the Bond Insurer and the District (a “**Verification Report**”); (ii) an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture and that all conditions precedent to the satisfaction and discharge of this Indenture and any applicable Supplemental Indenture and the pledge of Net Taxes and other assets made under Bond Indenture and any applicable Supplemental Indenture and all covenants, agreements and other obligations of the District thereunder have been satisfied, addressed to the Bond Insurer and the District; and (iii) if applicable, an escrow agreement relating to the defeased Bonds.

The escrow agreement that is referred to in clause (iii) above shall provide that:

(I) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of Bond Counsel that such substitution will not adversely affect the exclusion from gross income of the holders of the Bonds of the interest on the Bonds for federal income tax purposes and the prior written consent of the Bond Insurer, which consent will not be unreasonably withheld or delayed;

(II) The District will not exercise any prior optional redemption of Insured Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless: (A) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds; and (B) as a condition to any such redemption there shall be provided to the Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption; and

(III) The District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Bond Insurer.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds that have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance that are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Notwithstanding anything to the contrary set forth herein, this Indenture shall not be discharged or terminated unless all amounts due or to become due to the Bond Insurer (including Policy Costs) have been paid in full or duly provided for, and the District's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

**Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.** The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect, and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding the fact that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date shall fall on a October 1; (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number; and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in a reserve account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The Trustee shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the Delivery Date of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date, which it shall not be liable hereunder for so accepting):

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

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel to the effect that: (i) the District has the right and power under the Act to execute and deliver this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully executed and delivered by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of

creditors' rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture, including a statement that all requirements under this Section 9.2 have been complied with;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1. Cancellation of Bonds and Parity Bonds.** All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

**Section 10.2. Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee

of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

**Section 10.3. Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds that remains unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District (without liability for interest), as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District. Any money held by the Trustee pursuant to this paragraph shall be held uninvested and without liability for interest.

**Section 10.4. Provisions Constitute Contract.** The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

**Section 10.5. Future Contracts.** Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

**Section 10.6. Further Assurances.** The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

**Section 10.7. Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

**Section 10.8. Notices.**

(a) Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the Finance Director of the City, 300 East Chapman Ave, Orange, California 92866, and all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, or personally delivered to U.S. Bank Trust Company, National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071; Attention: Global Corporate Trust.

(b) The District will provide the Bond Insurer with all notices and other information that it is obligated to provide: (i) under the Continuing Disclosure Agreement; and (ii) to the holders of Insured Bonds or the Trustee under this Indenture. The notice address of the Bond Insurer is: \_\_\_\_\_, \_\_\_\_\_. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the Bond Insurer's General Counsel at the same address and at \_\_\_\_\_ or at Telecopier: \_\_\_\_\_ and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

**Section 10.9. 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, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument. Each counterpart of this Indenture may be executed and delivered by electronic means, including by electronic transmission or delivery (including electronic images of handwritten signatures delivered in .pdf file or .jpeg file format, or by any electronic signature complying with the U.S. federal ESIGN Act of 2000, including Orbit, Adobe

Sign, DocuSign, or any other similar platform), each of which shall be deemed to be original signatures for all purposes and shall be effective as delivery of a manually executed original counterpart.

**Section 10.10. OFAC Compliance.** The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the United States Government, (including, the Office of Foreign Assets Control of the US Department of the Treasury, the United Nations Security Council, the European Union, HM Treasury or other relevant sanctions authority (collectively “**Sanctions**”). The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Indenture: (a) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions; (b) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions; or (c) in any other manner that will result in a violation of Sanctions by any person.

**Section 10.11. [Insolvency.** So long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations, thereunder, the following provisions apply: Any reorganization or liquidation plan with respect to the District must be acceptable to the Bond Insurer. Each Insured Bondowner hereby appoints the Bond Insurer as its agent and attorney-in-fact with respect to the Insured Bonds and agrees that the Bond Insurer may at any time during the continuation of any Insolvency Proceeding direct all matters relating to such Insolvency Proceeding, including without limitation: (A) all matters relating to any Claim; (B) the direction of any appeal of any order relating to any Claim; (C) the posting of any surety, supersedeas or performance bond pending any such appeal; and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Insured Bondowner delegates and assigns to the Bond Insurer, to the fullest extent permitted by law, the rights of each Insured Bondowner with respect to the Insured Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

**Section 10.12. Special Provisions for Insurer Default.** If an Insurer Default shall occur and be continuing, then, notwithstanding anything in this Indenture to the contrary: (a) if at any time prior to or following an Insurer Default, the Bond Insurer has made payment under the Policy, to the extent of such payment the Bond Insurer shall be treated like any other Insured Bondowner for all purposes, including giving of consents; and (b) if the Bond Insurer has not made any payment under the Policy, the Bond Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Bond Insurer makes a payment under the Policy, in which event, the foregoing clause (a) shall control.

**Section 10.13. Bond Insurer As Third Party Beneficiary.** The Bond Insurer is recognized as and shall be deemed to be a third party beneficiary of this Indenture and, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations, thereunder, the Bond Insurer may enforce the provisions hereof as if it were a party hereto.

**Section 10.14. Payment Procedure Under the Policy.** In the event that principal and/or interest due on the Insured Bonds shall be paid by the Bond Insurer pursuant to the Policy, the Insured Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the District to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

In the event that on the second (2nd) Business Day prior to any Interest Payment Date, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Bonds due on such Interest Payment Date, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee.

In addition, if the Trustee has received written notice that any Insured Bondowner has been required to disgorge payments of principal of or interest on the Insured Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Bond Insurer.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Insured Bondowners as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Bonds, the Trustee shall: (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent and attorney-in-fact for such Insured Bondowners in any legal proceeding related to the payment and assignment to the Bond Insurer of the claims for interest on the Insured Bonds; (ii) receive as designee of the respective holders (and not as paying agent or Trustee) in accordance with the tenor of the Policy payment from the Bond Insurer with respect to the claims for interest so assigned; (iii) segregate all such payments in a separate account (the “**Bond Insurer Policy Payment Account**”) to only be used to make scheduled payments of principal of and interest on the Insured Bonds; and (iv) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Insured Bonds, the Trustee shall: (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent and attorney-in-fact for such Insured Bondowner in any legal proceeding related to the payment of such principal and an assignment to the Bond Insurer of the Insured Bonds surrendered to the Bond Insurer; (ii) receive as designee of the respective holders (and not as paying agent or Trustee) in accordance with the tenor of the Policy payment therefor from the Bond Insurer; (iii) segregate all such payments in the Bond Insurer Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Bonds; and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Bond to the Bond Insurer, registered in the name directed by the Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the District on any Insured Bond or the subrogation or assignment rights of the Bond Insurer.

Payments with respect to claims for interest on and principal of Insured Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the District with respect to such Insured Bonds, and the Bond Insurer shall become the owner of such unpaid Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. Irrespective of whether any such assignment is executed and delivered, the District and the Trustee agree for the benefit of the Bond Insurer that:

(I) They recognize that to the extent the Bond Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured Bonds, the Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the District, with interest thereon, as provided and solely from the sources stated in this Indenture and the Bonds; and

(II) They will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest thereon as provided in this Indenture and the Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Bonds to holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

**Section 10.15. Additional Payments.** The District agrees unconditionally that it will pay or reimburse the Bond Insurer on demand any and all Administrative Costs and Policy Costs. For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Bond Insurer spent in connection with the actions described in the preceding sentence. The District agrees that failure to pay any Administrative Costs and Policy Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Bond Insurer until the date that the Bond Insurer is paid in full.

Notwithstanding anything herein to the contrary, the District agrees to pay to the Bond Insurer: (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Policy (the “**Bond Insurer Policy Payment**”); and (ii) interest on such Bond Insurer Policy Payments from the date paid by the Bond Insurer until payment thereof in full by the District, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, “**Bond Insurer Reimbursement Amounts**”) compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post-Event of Default application of revenue provisions, the Bond Insurer Reimbursement Amounts shall be, and the District hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Bonds on a parity with debt service due on the Insured Bonds.

**Section 10.16. Exercise of Rights by Bond Insurer.** The rights granted to the Bond Insurer under this Indenture to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Insured Bondowners and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Insured Bondowners or any other person is required in addition to the consent of the Bond Insurer.

The Bond Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy), whether or not the Bond Insurer has received a claim upon the Policy.

No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or source of payment of the Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.]

IN WITNESS WHEREOF, the District has caused this Indenture to be signed by the City Manager of the City, acting as the legislative body of the District, and attested thereto by the City Clerk of the City, and the Trustee, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF ORANGE COMMUNITY FACILITIES  
DISTRICT NO. 06-1 (DEL RIO PUBLIC  
IMPROVEMENTS)

By: \_\_\_\_\_  
Jarad Hildenbrand,  
City Manager of the City of Orange, acting as the  
legislative body of City of Orange Community  
Facilities District No. 06-1 (Del Rio Public  
Improvements)

ATTEST:

\_\_\_\_\_  
Pamela Coleman,  
City Clerk of the City of Orange,  
acting as the legislative body of  
City of Orange Community Facilities District No. 06-1  
(Del Rio Public Improvements)

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

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

**EXHIBIT A**

**FORM OF 2026 SPECIAL TAX REFUNDING BOND**

R-1

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

*UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS SUCH TERM IS DEFINED IN THE INDENTURE) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF ORANGE**

**CITY OF ORANGE COMMUNITY FACILITIES DISTRICT NO. 06-1 (DEL RIO PUBLIC IMPROVEMENTS)  
2026 SPECIAL TAX REFUNDING BONDS**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>	<b>CUSIP</b>
_____ %	October 1, 20__	_____, 2026	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ MILLION \_\_\_\_\_ THOUSAND DOLLARS

CITY OF ORANGE COMMUNITY FACILITIES DISTRICT NO. 06-1 (DEL RIO PUBLIC IMPROVEMENTS) (the "District") which was formed by the City of Orange (the "City") and is situated in the County of Orange, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as such term is defined herein), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as such term is defined herein) next preceding the date of authentication hereof, unless: (i) the date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date (as such term is defined herein) but prior to the immediately

succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on October 1, 2026 and each April 1 and October 1 thereafter (each, an “Interest Payment Date”), at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee, initially U.S. Bank Trust Company, National Association (the “Trustee”). Interest on this Bond shall be paid on each Interest Payment Date by check of the Trustee mailed by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof appearing on the registration books maintained by the Trustee as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the “Record Date”) at such Registered Owner’s address as it appears on the registration books maintained by the Trustee.

Capitalized terms used herein and not defined shall have the meanings given them in the Indenture.

This Bond is one of a duly authorized issue of “City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements) 2026 Special Tax Refunding Bonds” (the “Bonds”) issued in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the “Act”) for the purpose of refunding the District’s outstanding 2015 Special Tax Refunding Bonds, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the “Legislative Body”) on [June 9], 2026 and a Bond Indenture dated as of July 1, 2026, by and between the District and the Trustee executed in connection therewith (the “Indenture”), and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the net annual special taxes authorized under the Act to be levied and collected within the District (the “Net Taxes”) and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Net Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Net Taxes and other amounts deposited to the Special Tax Fund (exclusive of the Reserve Account, which shall only secure the Bonds, and the Administrative Expenses Account therein) established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit

of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds with stated maturities on or after October 1, 20\_\_ are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the District in a written request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to redemption, by lot within each maturity in integral multiples of \$5,000, on October 1, 20\_\_ or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

If, during the Fiscal Year immediately preceding one of the redemption dates specified above, the District purchases Bonds, at least 45 days prior to the redemption date the District shall notify the Trustee as to the principal amount purchased and the amount of Bonds so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the Bonds so purchased. All Bonds purchased pursuant to the Indenture will be cancelled pursuant to the Indenture.

In the event of a partial optional redemption or extraordinary redemption of the Bonds, each of the remaining Sinking Fund Payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000, as directed by the District.

The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account pursuant to the Indenture, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from (and including) October 1, 20__ through (and including) April 1, 20__	___%
October 1, 20__ and April 1, 20__	___
October 1, 20__ and April 1, 20__	___
October 1, 20__ and any Interest Payment Date thereafter	___

The District shall notify the Trustee of any extraordinary prepayment at least 45 days prior to the Interest Payment Date on which such prepayment shall occur.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of: (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OR OF THE DISTRICT FOR WHICH THE CITY OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE NET TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE NET TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the District has caused this Bond to be dated as of the Dated Date, to be signed by the facsimile signature of the Mayor of the City on behalf of the District, acting as the legislative body of the District, and attested by the facsimile signature of the City Clerk of the City.

By: \_\_\_\_\_  
Dan Slater,  
Mayor of the City of Orange, acting as the  
legislative body of City of Orange Community  
Facilities District No. 06-1 (Del Rio Public  
Improvements)

ATTEST:

\_\_\_\_\_  
Pamela Coleman,  
City Clerk of the City of Orange,  
acting as the legislative body of  
City of Orange Community Facilities District No. 06-1  
(Del Rio Public Improvements)

[FORM OF TRUSTEE'S CERTIFICATE  
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: \_\_\_\_\_, 2026

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Its: Authorized Signatory

[STATEMENT OF INSURANCE]

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

the within-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 institution.

\_\_\_\_\_  
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.

