

---

FISCAL AGENT AGREEMENT

by and between

THE CITY OF CORONA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
as Fiscal Agent

Dated as of [August 1], 2024

Relating to

\$(PAR AMOUNT)  
Community Facilities District No. 2018-1 (Bedford)  
(Improvement Area No. 2)  
of the City of Corona  
2024 Special Tax Bonds

---

## TABLE OF CONTENTS

	Page
ARTICLE I AUTHORITY AND DEFINITIONS .....	2
Section 1.01. Authority for this Agreement.....	2
Section 1.02. Agreement for Benefit of Owners.....	2
Section 1.03. Definitions.....	2
ARTICLE II THE BONDS.....	14
Section 2.01. Principal Amount; Designation.....	14
Section 2.02. Terms of Bonds.....	14
Section 2.03. Redemption .....	15
Section 2.04. Form of Bonds .....	19
Section 2.05. Execution of Bonds.....	19
Section 2.06. Transfer of Bonds .....	19
Section 2.07. Exchange of Bonds .....	20
Section 2.08. Bond Register.....	20
Section 2.09. Temporary Bonds.....	20
Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.....	21
Section 2.11. Special Obligation.....	21
Section 2.12. Book-Entry.....	21
Section 2.13. No Parity Bonds.....	23
ARTICLE III ISSUANCE OF BONDS; APPLICATION OF PROCEEDS; IMPROVEMENT FUND; SPECIAL TAX FUND; ADMINISTRATIVE EXPENSE FUND; COSTS OF ISSUANCE FUND.....	26
Section 3.01. Issuance and Delivery of Bonds .....	26
Section 3.02. Application of Proceeds of Sale of Bonds .....	26
Section 3.03. Improvement Fund.....	26
Section 3.04. Special Tax Fund .....	27
Section 3.05. Administrative Expense Fund.....	29
Section 3.06. Costs of Issuance Fund .....	30
ARTICLE IV SPECIAL TAX REVENUES; BOND FUND; RESERVE FUND.....	30
Section 4.01. Pledge of Special Tax Revenues.....	30
Section 4.02. Bond Fund.....	31
Section 4.03. Reserve Fund .....	33
ARTICLE V OTHER COVENANTS OF THE CITY .....	35
Section 5.01. Punctual Payment.....	35
Section 5.02. Extension of Time for Payment.....	35
Section 5.03. Against Encumbrances.....	35
Section 5.04. Books and Accounts .....	36
Section 5.05. Protection of Security and Rights of Owners .....	36

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Section 5.06. Collection of Special Tax Revenues .....	36
Section 5.07. Levy of Special Taxes for Administrative Expenses .....	37
Section 5.08. Further Assurances.....	37
Section 5.09. Tax Covenants .....	37
Section 5.10. Covenant to Foreclose.....	38
Section 5.11. Prepayment of Special Taxes.....	38
Section 5.12. Calculation of Prepayments .....	39
Section 5.13. Continuing Disclosure .....	39
Section 5.14. Accountability Measures .....	39
ARTICLE VI INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY .....	39
Section 6.01. Deposit and Investment of Moneys in Funds .....	39
Section 6.02. Rebate Fund; Rebate to the United States.....	40
Section 6.03. Liability of City.....	41
Section 6.04. Employment of Agents by City .....	41
ARTICLE VII THE FISCAL AGENT .....	42
Section 7.01. Appointment of Fiscal Agent.....	42
Section 7.02. Liability of Fiscal Agent .....	42
Section 7.03. Information .....	44
Section 7.04. Notice to Fiscal Agent .....	44
Section 7.05. Compensation, Indemnification.....	45
Section 7.06. Books and Accounts .....	45
ARTICLE VIII MODIFICATION OR AMENDMENT OF THIS AGREEMENT.....	46
Section 8.01. Amendments Permitted.....	46
Section 8.02. Owners' Meetings.....	47
Section 8.03. Procedure for Amendment with Written Consent of Owners.....	47
Section 8.04. Disqualified Bonds.....	48
Section 8.05. Effect of Supplemental Agreement.....	48
Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments.....	48
Section 8.07. Amendatory Endorsement of Bonds .....	48
ARTICLE IX MISCELLANEOUS.....	48
Section 9.01. Benefits of Agreement Limited to Parties .....	48
Section 9.02. Successor is Deemed Included in All References to Predecessor .....	48
Section 9.03. Discharge of Agreement .....	49
Section 9.04. Execution of Documents and Proof of Ownership by Owners.....	50
Section 9.05. Waiver of Personal Liability.....	50
Section 9.06. Notices to and Demands on City and Fiscal Agent .....	50
Section 9.07. Partial Invalidity.....	51

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Section 9.08. Unclaimed Moneys .....	51
Section 9.09. Applicable Law .....	51
Section 9.10. Conflict with Act.....	51
Section 9.11. Conclusive Evidence of Regularity .....	51
Section 9.12. Payment on Business Day.....	51
Section 9.13. Counterparts .....	51
EXHIBIT A – FORM OF BOND.....	A-1

## **FISCAL AGENT AGREEMENT**

THIS FISCAL AGENT AGREEMENT (the “Agreement”) is made and entered into as of [August 1], 2024, by and between the City of Corona, a municipal corporation (the “City”), for and on behalf of Community Facilities District No. 2018-1 (Bedford) of the City of Corona, County of Riverside, State of California (the “District”), and The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the “Fiscal Agent”).

### **W I T N E S S E T H:**

WHEREAS, the City Council of the City (the “City Council”) has established the District and designated five improvement areas therein, including Improvement Area No. 2 (“Improvement Area No. 2”) pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the “Act”); and

WHEREAS, the District is authorized to incur bonded indebtedness and issue bonds (the “Bonds”) for Improvement Area No. 2 in the aggregate principal amount of \$26,000,000 for the purpose of financing the construction and acquisition of certain public facilities, and the City Council has determined that it is necessary that bonds for Improvement Area No. 2 be issued and sold in the aggregate principal amount of \$[PAR AMOUNT] for the purpose of financing the construction and acquisition of the public facilities ( hereinafter defined as the “Project”); and

WHEREAS, on August 7, 2024, the City Council adopted Resolution No. [ ] (the “Resolution”) authorizing the issuance and sale of bonds pursuant to this Agreement, designated “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds (the “Bonds”) for the purpose of financing the construction and acquisition of such public facilities, or to reimburse the costs thereof; and

WHEREAS, payment of the principal of and interest on the Bonds will be secured solely by special taxes to be levied on parcels of taxable property in Improvement Area No. 2; and

WHEREAS, it is in the public interest and for the benefit of the District, the City, the persons responsible for the payment of special taxes and the owners of the Bonds that the City enter into this Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds, and the administration and payment of the Bonds; and

WHEREAS, all things necessary to cause the Bonds, when executed by the City and authenticated by the Fiscal Agent for the District and Improvement Area No. 2 and issued as provided in the Act, the Resolution, and this Agreement, to be legal, valid and binding special obligations of the District in accordance with their terms, and all things necessary to cause the authorization, execution, and delivery of this Agreement and the authorization, execution, authentication and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## **ARTICLE I AUTHORITY AND DEFINITIONS**

**Section 1.01. Authority for this Agreement.** This Agreement is entered into pursuant to the provisions of the Act and the Resolution.

**Section 1.02. Agreement for Benefit of Owners.** The provisions, covenants, and agreements herein set forth to be performed by or on behalf of the City and/or the District shall be for the equal benefit, protection, and security of the Owners. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority, or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. The Fiscal Agent may become the owner of any of the Bonds with the same rights it would have if it were not Fiscal Agent.

**Section 1.03. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion, or other document herein mentioned, have the meanings herein specified. All references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections, or subdivisions of this Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or subdivision hereof.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel); the expenses of the City in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes), including the fees and expenses of its counsel; an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto; any amounts paid by the City from its general funds pursuant to Section 6.02 hereof; the fees and expenses of the Municipal Advisor and the Special Tax Consultant; the costs of the District, the City, or any designee of either thereof of complying with the arbitrage rebate requirements; the costs to the District, the City, or any designee of either thereof of complying with the District’s, City’s, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the District or City, or any designee of either thereof, related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; the District’s annual administration fee and third party expenses; and all other costs and expenses of the City, District, or the Fiscal Agent incurred in connection with the issuance and administration of the Bonds or

this Agreement and the discharge of their respective duties hereunder and, in the case of the City, in any way related to the administration of the District with respect to Improvement Area No. 2.

“Administrative Expense Fund” means the fund by that name established under Section 3.05(A) hereof.

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds scheduled to be paid.

“Appraisal” means the appraisal of the estimated market values of the properties within the District prepared by Kitty Siino & Associates, Inc., dated [DATE].

“Auditor” means the Auditor-Controller of the County of Riverside.

“Authorized Officer” means the City Manager or Finance Director of Administrative Services or any 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.

“Bond Counsel” means any attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established under Section 4.02(A) hereof.

“Bond Year” means the period beginning on the Closing Date and ending on September 1, 2024, with respect to the Bonds, and thereafter the period beginning on each September 2 and ending on the following September 1.

“Bonds” means the \$[ ] aggregate principal amount of Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds, issued on the Closing Date.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the State of California or in any state in which the Fiscal Agent has its Principal Office are authorized or obligated by law or executive order to be closed.

“Capitalized Interest Sub-Account” means the sub-account by that name within the Interest Account of the Bond Fund established pursuant to Section 4.02(A).

“City” means the City of Corona, California.

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

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing payment of the purchase price of the Bonds by the Original Purchaser, being [DATE], 2024.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate of the City, dated as of [DATE], as originally executed by the City, for and on behalf of the District, and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs; costs of reproducing and binding documents, including but not limited to the preliminary official statement and official statement regarding the Bonds; closing costs; filing and recording fees; premiums for any reserve fund, surety bond, or bond insurance policy; initial fees, expenses, and charges of the Fiscal Agent, including its first annual administration fee and the fees and expenses of its counsel; expenses incurred by the City in connection with the issuance of the Bonds and the establishment of the District; Bond (underwriter’s) discount; legal fees and charges, including the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter; Municipal Advisor’s fees; charges for authentication, transportation, and safekeeping of the Bonds; and other costs, charges, and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established under Section 3.06(A) hereof.

“Debt Service” means the amount of interest and principal payable on the Bonds scheduled to be paid during the period of computation, excluding amounts payable during such period which relate to principal of the Bonds which are scheduled to be retired and paid before the beginning of such period.

“Defeasance Securities” means, for purposes of Section 9.03(C) hereof, the following:

(i) United States Treasury Certificates, Notes and Bonds (including State and Local Government Series - “SLGs”);

(ii) Direct obligations of the United States Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(iii) Resolution Funding Corporation (REFCORP) obligations; provided that only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book-entry form are acceptable;

(iv) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s; provided, however, that if the issue is only rated by Standard & Poor’s (*i.e.*, there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations, or “AAA” rated pre-refunded municipal bonds; and



(v) Obligations issued by the following agencies which are backed by the full faith and credit of the United States of America:

- (a) U.S. Export-Import Bank  
Direct obligations or fully guaranteed certificates of beneficial ownership
- (b) Farmers Home Administration  
Certificates of beneficial ownership
- (c) Federal Financing Bank
- (d) General Services Administration  
Participation certificates
- (e) United States Maritime Administration  
Guaranteed Title XI financing
- (f) United States Department of Housing and Urban Development  
Project notes  
Local Authority Bonds  
New Communities Debentures - United States government guaranteed debentures  
United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds.

“District” means Community Facilities District No. 2018-1 (Bedford) of the City of Corona, County of Riverside, State of California.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (as to which the Fiscal Agent is entitled to rely upon investment direction from the City as a deemed certification that such investment constitutes a legal investment):

- (i) Cash; and
- (ii) Direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TIGRS), or obligations, the payment of principal of and interest on which is unconditionally guaranteed by the United States of America.

“Fiscal Agent” means The Bank of New York Mellon Trust Company, N.A., the Fiscal Agent appointed by the City, acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01 hereof.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Improvement Area No. 2” means Improvement Area No. 2 of the District.

“Improvement Fund” means the fund by that name established under Section 3.03(A) hereof.

“Independent Financial Consultant” means a firm of certified public accountants, a financial consulting firm, a consulting engineering firm or engineer which is not an employee of, or otherwise controlled by, the City.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or such service or services as the City may designate in a certificate delivered to the Fiscal Agent.

“Interest Account” means the account by that name established in the Bond Fund under Section 4.02(A) hereof.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing [March 1, 2025] with respect to the Bonds, until the maturity or redemption of all Outstanding Bonds.

“Investment Earnings” means all interest earned and any gains and losses on the investment of moneys in any fund or account created by this Agreement, excluding interest earned and gains and losses on the investment of moneys in the Rebate Fund.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Moody’s” shall mean Moody’s Investors Service, a national rating service with offices in New York, New York.

“Municipal Advisor” means an independent financial consulting firm appointed by the City to advise the City as to financial matters relating to the Bonds.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Ordinance” means any ordinance of the City or resolution of the City Council levying the Special Taxes.

“Original Purchaser” means the first purchaser of the Bonds from the City.

“Outstanding,” when used as of any particular time with reference to the Bonds, means (subject to the provisions of Section 8.04 hereof) all Bonds except:

(i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

(ii) Bonds called for redemption which, for the reasons specified in Section 2.03(F) hereof, are no longer entitled to any benefit under this Agreement other than the right to receive payment of the redemption price therefor;

(iii) Bonds paid or deemed to have been paid within the meaning of Section 9.03 hereof; and

(iv) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City and authenticated by the Fiscal Agent pursuant to this Agreement or any Supplemental Agreement.

“Owner” means any person who shall be the registered owner of any Outstanding Bond.

“Parity Bonds” means bonds and obligations that are secured by a pledge of and lien upon the Special Tax Revenues on a parity with the Outstanding Bonds.

“Permitted Investments” means:

(i) Federal Securities;

(ii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(a) U.S. Export-Import Bank  
Direct obligations or fully guaranteed certificates of beneficial ownership

(b) Farmers Home Administration  
Certificates of beneficial ownership

(c) Federal Financing Bank

(d) Federal Housing Administration Debentures

(e) General Services Administration  
Participation certificates

(f) Government National Mortgage Association (GNMA)  
GNMA - guaranteed mortgage-backed bonds  
GNMA - guaranteed pass-through obligations

(g) U.S. Maritime Administration  
Guaranteed Title XI financing

- (h) U.S. Department of Housing and Urban Development  
Project Notes  
Local Authority Bonds  
New Communities Debentures - United States government guaranteed debentures  
U.S. Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds;

(iii) 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):

- (a) Federal Home Loan Bank System  
Senior debt obligations
- (b) Federal Home Loan Mortgage Corporation  
Participation Certificates  
Senior debt obligations
- (c) Federal National Mortgage Association  
Mortgage-backed securities and senior debt obligations
- (d) Student Loan Marketing Association  
Senior debt obligations
- (e) Resolution Funding Corporation  
(REFCORP) obligations
- (f) Farm Credit System  
Consolidated systemwide bonds and notes;

(iv) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of "AAAm-G," "AAA-m" or "AA-m" and, if rated by Moody's, rated "Aaa," "Aa1" or "Aa2" by Moody's, including funds for which the Fiscal Agent, its parent holding company, if any, or any affiliates or subsidiaries of the Fiscal Agent or such holding company receive and retain a fee for services provided to the fund whether as a custodian, transfer agent, investment advisor or otherwise;

(v) Certificates of deposit secured at all times by collateral described in clauses (i) and/or (ii) above. Such certificates must be issued by commercial banks, including the Fiscal Agent and its affiliates, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Fiscal Agent on behalf of the Owners of the Bonds must have a perfected first security interest in the collateral;

(vi) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF including those that may be issued or provided by the Fiscal Agent and its affiliates;

(vii) Investment agreements with domestic or foreign banks, insurance companies 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, the claims paying ability or financial strength, of the guarantor is rated in at least the double A category by Standard & Poor's and Moody's; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Fiscal Agent 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 Fund or a reserve account established for a series of Parity Bonds);

(b) the investment agreement shall provide that the invested funds are available for withdrawal without penalty or premium at any time upon not more than seven (7) days' prior notice. The City and the Fiscal Agent shall give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium payable;

(c) 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;

(d) the City and the Fiscal Agent receive the opinion of domestic counsel (which opinion shall be addressed to the City and the Fiscal Agent) 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 City and the Fiscal Agent;

(e) the investment agreement shall provide that if during its term

(1) the provider's (or its guarantor'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) days of receipt of publication of such downgrade, 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 City, the Fiscal Agent 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 four percent (104%) of securities identified in clauses (i) and (ii) of this definition; or (ii) assign the investment agreement and all of its obligations thereunder to a financial institution mutually acceptable to the provider, the City and the Fiscal Agent which is rated either in the first or second highest category by Standard & Poor's and Moody's; and

(2) the provider's (or its guarantor'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 City or the Fiscal Agent, 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 City or the Fiscal Agent; and

(f) the investment agreement shall provide and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the

investment agreement at the time such collateral is delivered, that the Holder of 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 the Holder of the Collateral is in possession of such collateral); and

(g) 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 City or the Fiscal Agent, be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the City or the Fiscal Agent, 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. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the City or the Fiscal Agent, as appropriate;

(viii) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by Standard & Poor's;

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

(x) Federal funds or bankers acceptances with a maximum term of one year of any bank or deposit accounts, including those with the Fiscal Agent and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or better by Moody's and "A-1" or better by Standard & Poor's;

(xi) Repurchase agreements which satisfy the following criteria:

(a) Repurchase agreements must be between the City or the Fiscal Agent and an entity which is:

(1) A primary dealer on the Federal Reserve reporting dealer list which is rated "A" or better by Standard & Poor's and Moody's, or

(2) A bank rated "A" or above by Standard & Poor's and Moody's; or

(3) A 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, the claims paying ability or financial strength of the guarantor, is rated in at least the double A category by Standard & Poor's and Moody's.

(b) The written agreement must include the following:

(1) Securities which are acceptable for transfer are:

(A) direct obligations of the United States government, or

(B) obligations of federal agencies backed by the full faith and credit of the United States of America (or the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)),

(2) The collateral must be delivered to the City or the Fiscal Agent (if the Fiscal Agent is not supplying the collateral) or a third party acting as agent for the Fiscal Agent (if the Fiscal Agent is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities),

(3) (A) The securities must be valued weekly, marked-to-market at current market price plus accrued interest, and

(B) The value of the collateral must be at least equal to one hundred four percent (104%) of the amount of money transferred by the Fiscal Agent to the dealer, bank or corporation under the agreement plus accrued interest. If the value of the securities held as collateral is reduced below one hundred four percent (104%) of the value of the amount of money transferred by the Fiscal Agent, then additional acceptable securities and/or cash must be provided as collateral to bring the value of the collateral to one hundred four percent (104%); provided, however, that if the securities used as collateral are those of FNMA or FHLMC, then the value of the collateral must equal to one hundred five percent (105%) of the amount of money transferred by the Fiscal Agent; and

(xii) 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.

“Principal Account” means the account by that name established in the Bond Fund under Section 4.02 (A).

“Principal Office” means the corporate trust office of the Fiscal Agent in Los Angeles, California, or such other addresses may be specified in writing by the Fiscal Agent; provided, however, that for purposes of the transfer, registration, exchange, payment and surrender of Bonds, the term “Principal Office” means the office or agency of the Fiscal Agent at which, at any time, its corporate trust agency business shall be conducted or such other office or address as may be specified in writing by the Fiscal Agent.

“Priority Administrative Expense Requirement” means an annual amount equal to \$30,000, which amount shall escalate by 2% in each fiscal year beginning July 1, 2025.

“Proceeds,” when used with reference to the Bonds, means the aggregate principal amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, plus original issue premium, if any, less Original Purchaser’s discount.

“Project” means the public facilities which are to be financed with the proceeds of the sale of the bonds of the District and each Improvement Area therein, as described in Resolution No. 2018-035 adopted by the City Council on June 20, 2018.

“Rate and Method of Apportionment” means the rate and method of apportionment of special taxes for Improvement Area No. 2 originally authorized to be levied on property within Improvement Area No. 2 of the District as approved at a special election held within Improvement Area No. 2 of the District on June 20, 2018, and as it may be modified from time to time in accordance with the Act.

“Rebate Certificate” means the certificate delivered by the City upon the delivery of the Bonds relating to Section 148 of the Code, or any functionally similar replacement certificate.

“Rebate Fund” means the fund by that name established under Section 6.02 hereof.

“Record Date” means the fifteenth (15th) day of the month next preceding the applicable Interest Payment Date whether or not such day is a Business Day.

“Regulations” means the temporary and permanent regulations of the United States Department of the Treasury promulgated under the Code.

“Representation Letter” means the representation letter which the City has delivered to The Depository Trust Company (“DTC”) with respect to the utilization of the book-entry system maintained by DTC for the issuance and registration of bonds.

“Reserve Fund” means the fund by that name established under Section 4.03(A) hereof.

“Reserve Parity Bonds” means Parity Bonds which share a combined Reserve Requirement pursuant to Section 2.13 hereof.

“Reserve Requirement” means, as of the date of calculation as determined by the City and provided in writing to the Fiscal Agent, the lesser of (i) ten percent (10%) of the original issue price of the Bonds and the Reserve Parity Bonds calculated in accordance with Treasury Regulations Section 1.148-2(f)(1), (ii) Maximum Annual Debt Service on the Bonds and the Reserve Parity Bonds, or (iii) 125 percent (125%) of average Annual Debt Service on the Bonds and the Reserve Parity Bonds. The initial Reserve Requirement for the Bonds shall be \$[ ] and shall be increased only upon the issuance of Reserve Parity Bonds pursuant to Section 2.13; provided, however, that the deposit to the Reserve Fund sub-account for the Reserve Parity Bonds shall not exceed the limitations of Treasury Regulation 1.148-2(f)(1). With respect to Parity Bonds that are not Reserve Parity Bonds, the Reserve Requirement, as of the date of calculation as determined by the City and provided in writing to the Fiscal Agent, shall be the lesser of (i) ten percent (10%) of the original issue price of such Parity Bonds, (ii) Maximum Annual Debt Service on such Parity Bonds, or (iii) 125 percent (125%) of average Annual Debt Service on such Parity Bonds.

“Resolution” means Resolution No. [ ], adopted by the City Council on August 7, 2024.

“Responsible Officer” means, when used with respect to the Fiscal Agent, any managing director, president, vice president, senior associate, associate or other officer of the Fiscal Agent within the Principal Office (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 Principal Office because of



such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Agreement.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York, 10041-0099, Call Notification Department, Fax (212) 855-7232, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Taxes" or "Special Tax" means Special Tax A (as defined in the Rate and Method of Apportionment) levied by the City Council on parcels of taxable property within Improvement Area No. 2 of the District pursuant to the Act and this Agreement.

"Special Tax Fund" means the fund by that name established under Section 3.04(A) hereof.

"Special Tax Prepayments" means amounts received by the City as prepayments of all or a portion of the Special Tax obligation of a parcel of property in Improvement Area No. 2 of the District.

"Special Tax Prepayments Account" means the account by that name established by the Fiscal Agent in the Bond Fund pursuant to Section 4.02(A) hereof.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes in the amount of said lien and interest and penalties thereon.

"Standard & Poor's" shall mean S&P Global Ratings, a Standard & Poor's Financial Services LLC business, a national rating service with offices in New York, New York.

"Supplemental Agreement" means any supplemental agreement amending or supplementing this Agreement.

"Surplus Account" means the account by that name established in the Special Tax Fund pursuant to Section 3.04(A) hereof.

"Tax Consultant" means an engineer or financial consultant or other such person or firm with expertise in the apportionment and levy of special taxes in community facilities districts which is employed by the City to assist the City in levying the Special Taxes.

## **ARTICLE II THE BONDS**

**Section 2.01. Principal Amount; Designation.** The Bonds in the aggregate principal amount of \$[PAR AMOUNT] are hereby authorized to be issued by the City for Improvement Area No. 2 of the District under and subject to the terms of the Resolution, this Agreement, the Act and other applicable laws of the State of California. The Bonds shall be designated "Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of

Corona 2024 Special Tax Bonds.” The Bonds shall be issued in the form attached hereto as Exhibit A.

**Section 2.02. Terms of Bonds.**

(A) The Bonds. The Bonds shall be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent. The Bonds shall be dated the Closing Date.

(B) Maturities. The Bonds shall mature and become payable on September 1 of each year, as follows:

Maturity Dates ( <u>September 1</u> )	Principal <u>Amounts</u> \$	Interest <u>Rates</u> %
--	-----------------------------------	-------------------------------

(C) Interest. The Bonds shall bear interest at the rates set forth in subsection (B) above, payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon or from the Closing Date, if no interest has previously been paid or made available for payment thereon.

(D) Method of Payment. Interest on the Bonds is payable by check of the Fiscal Agent mailed by first class mail, postage prepaid, on each Interest Payment Date, to the registered

Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Fiscal Agent on or prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the United States of America designated in such written request; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds shall be made by wire transfer or such other method acceptable to the Fiscal Agent to the Depository. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America by check of the Fiscal Agent upon surrender of such Bonds at the Principal Office of the Fiscal Agent.

(E) CUSIP Identification Numbers. "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to the Owners shall not constitute an event of default or any violation of the City's contract with the Owners and shall not impair the effectiveness of any such notice.

### **Section 2.03. Redemption.**

(A) Optional Redemption. The Bonds are subject to redemption prior to their stated maturity dates at the option of the City on September 1, 20[ ], or any date thereafter, from such maturities as selected by the City (and by lot within any one maturity), in integral multiples of \$5,000, at the option of the City from moneys derived by the City from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 20[ ] through August 31, 20[ ]	103%
September 1, 20[ ] through August 31, 20[ ]	102
September 1, 20[ ] through August 31, 20[ ]	101
September 1, 20[ ] and any date thereafter	100

(B) Mandatory Redemption From Special Tax Prepayments. The Bonds are subject to mandatory redemption prior to their stated maturity dates on any Interest Payment Date, as selected among maturities by the City (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the City from Special Tax Prepayments, at redemption prices (expressed as percentages of the principal amounts of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date through March 1, 20[ ]	103%
September 1, 20[ ] and March 1, 20[ ]	102
September 1, 20[ ] and March 1, 20[ ]	101
September 1, 20[ ] and any Interest Payment Date thereafter	100

Special Tax Prepayments and amounts released from the Reserve Fund, if any, in connection with Special Tax Prepayments will be allocated to the payment at maturity and redemption of each series of Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of each series of Bonds, and such amounts shall be applied to redeem each series of Bonds as nearly as practicable on a *pro rata* basis among maturities in integral multiples of \$5,000, all as directed in writing by the City.

(C) Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20[ ], and September 1, 20[ ], are subject to mandatory sinking fund redemption, in part, on September 1, 20[ ], and September 1, 20[ ], respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium, and from sinking payments as follows:

Bonds Maturing on September 1, 20[ ]

Redemption Date  
(September 1)

Sinking Payment

Bonds Maturing on September 1, 20[ ]

Redemption Date  
(September 1)

Sinking Payment

The amounts in the foregoing schedules shall be reduced by the City *pro rata* among sinking fund redemption dates, in order to maintain substantially level Debt Service, as a result of any prior or partial redemption of the Bonds pursuant to subsection (A) or subsection (B) above. The City shall provide the Fiscal Agent with a revised sinking fund schedule.

(D) Purchase of Bonds. In lieu of payment at maturity or redemption under this Section 2.03, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale, as and when and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the redemption price stated in Section 2.03(A) above, plus interest accrued to the date of purchase. In such event, the City shall, as may be appropriate,

provide to the Fiscal Agent a revised maturity schedule or a revised mandatory sinking fund schedule for the Bonds, or both.

(E) Notice to Fiscal Agent. An Authorized Officer shall give the Fiscal Agent written notice of the City's intention to redeem Bonds not less than forty-five (45) days prior to the applicable redemption date specifying the principal amounts and maturities of the Bonds to be redeemed. The provisions of this subsection (E) shall not apply to the redemption of the Bonds pursuant to Section 2.03(C) hereof.

(F) Redemption Procedure by Fiscal Agent. Subject to its receipt of timely notice from an Authorized Officer pursuant to Section 2.03(E) above, the Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, or electronically submitted, to the Securities Depositories and to one or more Information Services selected by an Authorized Officer, and to the respective registered Owners of any Bonds designated for redemption (together, the "Notice Recipients"), at their addresses appearing on the Bond registration books maintained by the Fiscal Agent at its Principal Office; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. The Fiscal Agent shall also cause notice of any redemption to be mailed, in such manner and within such time, to the Original Purchaser.

Such notice shall state the date of such notice, the date of issue of the Bonds, the place or places of redemption, the redemption date, the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed, by giving the individual CUSIP number and Bond number of each Bond to be redeemed, or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called for redemption in part the portion of the principal of the Bond to be redeemed, shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date. The cost of the mailing and publication of any such redemption notice shall be paid by the District.

Any notice of optional redemption of the Bonds delivered in accordance with this Section 2.03 may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, or if sufficient funds shall not have been deposited with the Fiscal Agent on or before the date fixed for redemption, said notice shall be of no force and effect and the District shall not be required to redeem such Bonds, and the redemption shall not be made. At the written direction of the District, the Fiscal Agent shall, within a reasonable time thereafter, forward notice from the District to the Notice Recipients in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number

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

In the event of a mandatory redemption pursuant to Section 2.03(B) hereof, the City shall transfer or cause to be transferred to the Fiscal Agent for deposit in the Bond Fund moneys in an amount equal to the redemption price of the Bonds being redeemed on or before the fifteenth (15th) day of the month preceding the Interest Payment Date upon which such Bonds are to be redeemed.

[The District has the right to rescind any notice of the optional redemption of Bonds under Section 2.03(A) by written notice to the Fiscal Agent on or prior to two Business Days prior the date fixed for redemption, in which case such redemption shall be cancelled and annulled and such cancellation shall not constitute an event of default. In addition, any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an event of default. The District and the Fiscal Agent have no liability to the Owners or any other party related to or arising from any such rescission or cancellation of redemption. The Fiscal Agent shall mail notice of such rescission and/or cancellation of redemption in the same manner as the original notice of redemption was sent under this Section.]

If less than all 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 a multiple thereof, and, in selecting portions of such Bonds or Parity Bonds for redemption, the Fiscal Agent shall treat each such Bond or Parity Bond, as applicable, as representing the number of Bonds or Parity Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bonds or Parity Bonds to be redeemed in part by \$5,000.

Whenever provision is made in this Agreement for the redemption of less than all of the Bonds of a maturity or any given portion thereof, the District shall select the Bonds of such maturity to be redeemed, from all Bonds, as applicable, of such maturity or such given portion thereof not previously called for redemption, by lot within a maturity in any manner which the District in its sole discretion shall deem appropriate.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(G) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption prices of the Bonds called for redemption shall have been deposited in the Bond Fund, such Bonds shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and interest shall cease to accrue on the Bonds to be redeemed on the redemption date specified in the notice of redemption.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section 2.03 shall be canceled by the Fiscal Agent.

**Section 2.04. Form of Bonds.** The Bonds, including the Fiscal Agent's certificate of authentication and the assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions as permitted or required by this Agreement.

**Section 2.05. Execution of Bonds.** The Bonds shall be executed on behalf of the District by the facsimile signatures of the Mayor and City Clerk of the City, who are in office on the date of this Agreement or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bond to the Owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bond to the Owner. Any Bond may be signed and attested on behalf of the District by such persons who on the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

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

**Section 2.06. Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.08 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Fiscal Agent, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the District. The Fiscal Agent shall collect from the Owner requesting transfer of a Bond any tax or other governmental charge required to be paid with respect to such transfer. 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 Fiscal Agent all information necessary to allow the Fiscal Agent 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 Fiscal Agent shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds of like aggregate principal amount.

No transfers of Bonds shall be required to be made (i) during the fifteen (15) days preceding the date established by the Fiscal Agent for selection of Bonds for redemption, or (ii) with respect to Bonds which have been selected for redemption.

**Section 2.07. Exchange of Bonds.** Bonds may be exchanged at the Principal Office of the Fiscal Agent only for a like aggregate principal amount of Bonds of authorized denominations

and of the same maturity and interest rate. The cost for any services rendered or any expense incurred by the Fiscal Agent in connection with any such exchange shall be paid by the District. The Fiscal Agent shall collect from the Owner requesting exchange of a Bond any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) during the fifteen (15) days preceding the date established by the Fiscal Agent for selection of Bonds for redemption, or (ii) with respect to Bonds which have been selected for redemption.

**Section 2.08. Bond Register.** The Fiscal Agent shall keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds which books shall show the series, number, CUSIP identification number, date of issuance, amount, rate of interest and Owner of each Bond, and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

**Section 2.09. Temporary Bonds.** The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

**Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a replacement Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled and destroyed by the Fiscal Agent. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a replacement Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City or Fiscal Agent may require payment of a sum not exceeding the actual cost of preparing each replacement Bond delivered under this Section 2.10 and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery thereof. Any Bond delivered under the provisions of this Section 2.10 in replacement of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation of the District whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable.



by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

**Section 2.11. Special Obligation.** All obligations of the City and the District under this Agreement and the Bonds shall be special obligations of the City and the District, payable solely from the Special Tax Revenues (except the amount which will be deposited in the Administrative Expense fund each Fiscal Year) and the amounts in the Bond Fund and the Special Tax Fund (excluding the Surplus Account therein). The Bonds are further secured by all moneys deposited in the Reserve Fund. Neither the full faith and credit nor the taxing power of the City, the District (except to the limited extent set forth herein), or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

**Section 2.12. Book-Entry.** The Bonds shall be initially issued in the form of a single, fully registered Bond for each maturity (which may be typewritten). Upon initial issuance, the ownership of such Bonds shall be registered in the name of the Nominee identified below as nominee of The Depository Trust Company, New York, New York and its successors and assigns (the "Depository" or "DTC"). Except as hereinafter provided, all of the Outstanding Bonds shall be registered in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section 2.12 (the "Nominee").

With respect to the Bonds registered in the name of the Nominee, neither the City nor the Fiscal Agent shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the "Participant") or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the City nor the Fiscal Agent shall have any responsibility, liability or obligation whatsoever with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the registration books maintained by the Fiscal Agent pursuant to Section 2.08 hereof (the "Registration Books"), of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the City redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Registration Books, of any amount with respect to principal of or interest on the Bonds. The City and the Fiscal Agent may treat and consider conclusively the person in whose name each Bond is registered as the holder and absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption, if applicable, 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 City shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owner of a Bond, as shown in the Registration Books, or his or her attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest pursuant to this Agreement. Upon delivery by the Depository to the Owners of the Bond, and the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the

Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Agreement shall refer to such nominee of the Depository.

In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the Depository shall no longer so act and gives notice to the City of such determination, then the City will discontinue the book-entry system with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new, single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the City fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names Owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Sections 2.06 and 2.07 hereof, and the City shall prepare and deliver Bonds to the Fiscal Agent for authentication and delivery to the Owners thereof for such purpose.

In the event of a reduction in aggregate principal amount of Bonds Outstanding or an advance refunding of part of the Bonds Outstanding, the Depository, in its discretion, (a) may request the City to prepare and issue a new Bond or (b) may make an appropriate notation on a Bond indicating the date and amounts of such reduction in principal, but in such event the Registration Books maintained by the Fiscal Agent shall be conclusive as to what amounts are Outstanding with respect to the Bond, except in the case of final maturity, in which case the Bond must be presented to the Fiscal Agent prior to payment.

Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal and interest with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the City.

The initial Nominee shall be Cede & Co., as Nominee of DTC.

**Section 2.13. No Parity Bonds.** The District shall not issue any additional bonds or other obligations payable from Special Tax Revenues, including Parity Bonds, for any purpose other than for the purpose of defeasance and redemption of all or a portion of the Bonds.

Upon the issuance of Parity Bonds to refund only a portion of the Bonds, any Supplemental Agreement providing for issuance of Parity Bonds must provide for one of the following: (1) a deposit to a separate reserve account for the Reserve Parity Bonds that (a) when combined with the Reserve Fund for the Bonds equals the Reserve Requirement as defined herein, calculated on an aggregate basis of the Bonds and Reserve Parity Bonds, and (b) such Supplemental Agreement must expressly declare that such Reserve Parity Bonds are secured by the Reserve Fund established for the Bonds and that the Bonds are secured by the reserve account established for such Reserve Parity Bonds; or (2) a deposit to a separate reserve account for the Parity Bonds in an amount equal to the lesser of the test established in Treasury Regulation 1.148-2(f), and such Supplemental Agreement must expressly declare that such Parity Bonds are not secured by the Reserve Fund established for the Bonds and that the Bonds are not secured by the reserve account established for

such Parity Bonds.

**ARTICLE III**  
**ISSUANCE OF BONDS; APPLICATION OF PROCEEDS; IMPROVEMENT**  
**FUND; SPECIAL TAX FUND; ADMINISTRATIVE EXPENSE FUND;**  
**COSTS OF ISSUANCE FUND**

**Section 3.01. Issuance and Delivery of Bonds.** At any time after the execution of this Agreement, the City may issue the Bonds for the District in the principal amount of \$[\_\_\_\_], as set forth in Section 2.01 hereof, and deliver the Bonds to the Original Purchaser thereof. The Authorized Officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Resolution, and this Agreement, to authorize the payment of Costs of Issuance by the Fiscal Agent from the proceeds of the Bonds, and to do and cause to be done any and all acts and things necessary or convenient for delivery of each series of Bonds to the Original Purchaser thereof.

**Section 3.02. Application of Proceeds of Sale of Bonds.**

The Proceeds of the sale of the Bonds to the Original Purchaser shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such Proceeds on the Closing Date as follows:

- (A) Deposit in the Reserve Fund the amount of \$[\_\_\_\_], which constitutes the Reserve Requirement on the Closing Date;
- (B) Deposit in the Costs of Issuance Fund the amount of \$[\_\_\_\_];
- (C) Deposit in the Administrative Expense Fund of \$[\_\_\_\_];
- (D) [Deposit in the Capitalized Interest Sub-Account of the Interest Account of the Bond Fund of \$[\_\_\_\_]; and
- (E) Deposit in the Improvement Fund the amount of \$[\_\_\_\_].

The Fiscal Agent may open a temporary account to receive and distribute Proceeds. The Fiscal Agent shall immediately close such temporary account upon distribution of Proceeds.

**Section 3.03. Improvement Fund.**

(A) Establishment of Improvement Fund. There is hereby established, as a separate fund to be held by the Fiscal Agent, the “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds Improvement Fund” to the credit of which a deposit shall be made as required by paragraph [(E)] of Section 3.02 hereof. Within the Improvement Fund there shall also be established an account designated as “Improvement Area No. 2 Project Account” (the “Project Account”) into which moneys shall be deposited as directed pursuant to Section 3.04(C). Moneys in the Improvement Fund, including the Project Account, shall be held by the Fiscal Agent for the benefit of the City, and shall be

disbursed, except as otherwise provided in subsection (D) of this Section 3.03, for the payment or reimbursement of the costs of the design, acquisition and construction of the Project.

(B) Procedure for Disbursement. Disbursements from the Improvement Fund, including the Project Account, shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made, and the person to which the disbursement is to be paid along with payment instructions; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed with the Fiscal Agent requesting disbursement, and that the amount being requested is an appropriate disbursement from the Improvement Fund.

(C) Investment. Moneys in the Improvement Fund shall be invested and deposited in accordance with Section 6.01 hereof. Investment Earnings with respect to the Improvement Fund shall be retained by the Fiscal Agent in such fund to be used for the purposes of such fund.

(D) Closing of Fund. Upon the filing of an Officer's Certificate stating that the construction and acquisition of the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the Improvement Fund, and further stating that moneys on deposit in the Improvement Fund are not needed to complete the Project or reimburse the cost thereof, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Principal Account of the Bond Fund to be used to redeem the Bonds.

(E) Officer's Certificate. Upon receipt of an Officer's Certificate delivered pursuant to this Section 3.03, the Fiscal Agent is authorized to act thereon without further inquiry, and shall not be responsible for the accuracy of the statements made in such Officer's Certificate or the application of the funds disbursed pursuant thereto. The Fiscal Agent shall be absolutely protected and incur no liability in relying on such Officer's Certificate.

#### **Section 3.04. Special Tax Fund.**

(A) Establishment of Special Tax Fund. There is hereby established, as a separate fund to be held by the Fiscal Agent, the "Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona Special Tax Fund" to the credit of which the City shall deposit, as hereinafter provided, not later than ten (10) Business Days after receipt, all Special Tax Revenues received by the City. There is hereby also established in the Special Tax Fund, as a separate account to be held by the Fiscal Agent, the "Surplus Account" to the credit of which amounts shall be deposited as provided in Section 3.04(B) hereof and disbursed as provided in Section 3.04(C) hereof. Moneys in the Special Tax Fund (excluding any amounts held in the Surplus Account) shall be held in trust by the Fiscal Agent for the benefit of the City

and the Owners of the Bonds, shall be disbursed as provided below, and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Notwithstanding the foregoing, any amounts received by the City which constitute Special Tax Prepayments shall be transferred by the City not later than ten (10) Business Days after receipt to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.02(A) hereof.

(B) Disbursements. As soon as practicable after the receipt from the City of any Special Tax Revenues, but no later than ten (10) Business Days after such receipt, the Fiscal Agent shall withdraw from the Special Tax Fund and deposit in the Administrative Expense Fund the Priority Administrative Expense Requirement (as shall be specified in a written direction from the City to the Fiscal Agent). Thereafter, the Fiscal Agent shall deposit the remaining Special Tax Revenues in the Interest Account and the Principal Account of the Bond Fund, as provided in Section 4.02(B). If, after such deposits are made to the Administrative Expense Fund, the Interest Account and the Principal Account, there are funds remaining on deposit in the Special Tax Fund, the City shall instruct the Fiscal Agent by an Officer's Certificate (upon which the Fiscal Agent may conclusively rely) to transfer such amount from the Special Tax Fund to and deposit it, *pro rata* based on the Outstanding principal amount of the Bonds, in the Reserve Fund, to the extent that the amounts on deposit therein are less than the Reserve Requirement. Any funds remaining after such deposits shall be deposited into the Surplus Account and disbursed as described in (C) below.

On September 2 of each year, the amount, if any, on deposit in the Special Tax Fund, including the Surplus Account, together with the amount then on deposit in the Bond Fund (including the Principal Account therein but not including, however, the Interest Account or the Special Tax Prepayments Account), as determined by the City, shall not exceed the greater of (i) one year's earnings on such amounts, or (ii) one-twelfth ( $1/12^{\text{th}}$ ) of annual Debt Service for the then current Bond Year. If, on September 2 of any year, the amount on deposit in the Special Tax Fund, together with the amount then on deposit in the Bond Fund (other than such excluded amounts), exceeds the maximum amount allowable pursuant to the preceding sentence, as determined by the City and communicated in writing by an Authorized Officer to the Fiscal Agent (upon which the Fiscal Agent may conclusively rely), moneys shall be transferred from the Special Tax Fund to the Administrative Expense Fund to pay any additional Administrative Expenses during the then-current Fiscal Year, and thereafter shall be deposited into the Surplus Account all as directed in writing by the City. The Fiscal Agent shall have no obligation to monitor the City's obligations as set forth in this paragraph.

(C) Surplus Account. Moneys deposited in the Surplus Account will be transferred by the Fiscal Agent at the direction of an Authorized Officer of the City to (i) the Interest Account and the Principal Account of the Bond Fund to pay the principal of, including mandatory sinking fund payments, premium, if any, and interest on the Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Fund, as applicable, are insufficient therefor; (ii) the Reserve Fund in order to replenish the Reserve Fund to the Reserve Requirement; (iii) the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses; (iv) the Project Account of the Improvement Fund to pay for additional costs of the

Project until September 1, 20[\_\_\_], after which date no further deposits shall be made to the Project Account; and (v) thereafter to the City for any lawful purpose.

The amounts in the Surplus Account are not pledged to the repayment of the Bonds. In the event that the City reasonably expects to use any portion of the moneys in the Surplus Account to pay debt service on any Bonds, the City will notify the Fiscal Agent in a certificate of an Authorized Officer and the Fiscal Agent will segregate such amount into a separate subaccount (“Surplus Debt Service Sub-Account”) and the moneys on deposit in such subaccount of the Surplus Account shall be invested at the written direction of the City 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 under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of 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 which were issued on a tax-exempt basis for federal income tax purposes. The written direction shall include a certification to the Fiscal Agent that the directions comply with the requirements of this Section 3.04(C). The Fiscal Agent may conclusively rely on such certification. Moneys in the Surplus Debt Service Sub-Account will be used to pay the principal of, including mandatory sinking fund payments, premium, if any, and interest on the Bonds when due in the event that moneys in the Interest Account and Principal Account are insufficient therefor.

(D) Investment. Moneys in the Special Tax Fund shall be invested and deposited in accordance with Section 6.01 hereof. Investment Earnings shall be retained in the Special Tax Fund to be used for the purposes of such fund.

### **Section 3.05. Administrative Expense Fund.**

(A) Establishment of Administrative Expense Fund. There is hereby established, as a separate fund to be held by the Fiscal Agent, the “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds Administrative Expense Fund,” to the credit of which deposits shall be made as required by Section 3.04(B) hereof. Moneys in the Administrative Expense Fund shall be held in trust by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer’s Certificate stating the amount to be withdrawn (along with payment instructions), that such amount is to be used to pay an Administrative Expense or a Cost of Issuance, and the nature of such Administrative Expense or a Cost of Issuance.

(C) Investment. Subject to the provisions of subsection (B) above, moneys in the Administrative Expense Fund shall be invested and deposited in accordance with Section 6.01 hereof. Investment Earnings shall be retained by the Fiscal Agent in the Administrative Expense Fund to be used for the purposes of such fund.

### **Section 3.06. Costs of Issuance Fund.**

(A) Establishment of Costs of Issuance Fund. There is hereby established, as a separate fund to be held by the Fiscal Agent, the “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds Costs of Issuance Fund” to the credit of which a deposit shall be made as required by paragraph (B) of Section 3.02 hereof. Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the Bonds. The Fiscal Agent shall pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer’s Certificate requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. Each such invoice or Officer’s Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of ninety (90) days from the Closing Date and shall then transfer and deposit any moneys remaining therein, including any Investment Earnings thereon, in the Improvement Fund.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 6.01 hereof. Investment Earnings shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

## **ARTICLE IV SPECIAL TAX REVENUES; BOND FUND; RESERVE FUND**

### **Section 4.01. Pledge of Special Tax Revenues.**

The Bonds shall be secured by a pledge of and lien upon (which shall be affected in the manner and to the extent herein provided) all of the Special Tax Revenues (except the amounts deposited in the Administrative Expense Fund for each Fiscal Year pursuant to Section 3.04(B) hereof), and all moneys deposited in the Special Tax Fund (excluding the Surplus Account therein) and the Bond Fund. The Bonds are further secured by all moneys deposited in the Reserve Fund. The Bonds shall be equally secured by a pledge of and lien upon the Special Tax Revenues and such other moneys without priority for number, date of Bond, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premium upon the redemption of any thereof shall be and is secured by a pledge of and lien upon the Special Tax Revenues and such moneys. The Special Tax Revenues and all moneys deposited into such accounts are hereby dedicated in their entirety to the payment of the principal of and interest and any premium on the Bonds, as provided herein and in the Act, until all of the Bonds have been paid and retired or until moneys or Defeasance Securities have been set aside irrevocably for that purpose in accordance with Section 9.03 hereof.

#### **Section 4.02. Bond Fund.**

(A) Deposits. There is hereby established, as a separate fund to be held by the Fiscal Agent, the “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona Bond Fund” to the credit of which deposits shall be made as required by Section 3.04(B) and Section 4.03(D) hereof and any other provision of this Agreement or the Act. There are hereby established in the Bond Fund, as separate accounts to be held by the Fiscal Agent, the “Interest Account” [and within the Interest Account the “Capitalized Interest Sub-Account”] and the “Principal Account.” There is hereby also established in the Bond Fund, as a separate account to be held by the Fiscal Agent, the “Special Tax Prepayments Account” to the credit of which deposits shall be made as required by Section 3.04(A) hereof. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) Disbursements. On or before each Interest Payment Date, the Fiscal Agent shall transfer from the Special Tax Fund and deposit into the following respective accounts in the Bond Fund, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Special Tax Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) Interest Account. On or before each Interest Payment Date, the Fiscal Agent shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on the Bonds on such date. No deposit need be made into the Interest Account on any Interest Payment Date if the amount on deposit therein is at least equal to the interest becoming due and payable on the Bonds on such date. All moneys in the Interest Account, [including the Capitalized Interest Sub-Account], shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). [All funds in the Capitalized Interest Sub-Account shall be used and withdrawn to pay interest on the Bonds prior to using any other funds on deposit in the Interest Account for such purpose.] All amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then having become due and payable on the Outstanding Bonds shall be withdrawn therefrom by the Fiscal Agent and transferred to the Special Tax Fund.

(2) Principal Account. On or before each Interest Payment Date which occurs on a September 1, the Fiscal Agent shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds becoming due and payable on such date pursuant to Section 2.02 hereof, or the redemption price of the Bonds (consisting of the principal amount thereof and any applicable redemption premium) required to be redeemed on such date pursuant to any of the provisions of Section 2.03 hereof. All moneys in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof, or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof



pursuant to Section 2.03 hereof. All amounts on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having become due and payable, shall be withdrawn therefrom by the Fiscal Agent and transferred to the Special Tax Fund.

In the event that moneys on deposit in the Special Tax Fund will be insufficient on any Interest Payment Date for the Fiscal Agent to deposit the required amounts in the Interest Account and the Principal Account, as provided above, the Fiscal Agent shall deposit the available funds first to the Interest Account up to the full amount required to cause the aggregate amount on deposit therein to equal the amount of interest becoming due and payable on the Bonds on the Interest Payment Date, and shall then deposit the remaining available funds in the Special Tax Fund to the Principal Account up to the full amount required to cause the aggregate amount on deposit therein to equal the amount, if any, of principal becoming due and payable on the Bonds on the Interest Payment Date. If, after making such deposits to the Interest Account and the Principal Account, and after transferring moneys from the Reserve Fund to such accounts, as provided in Section 4.03(B) hereof, the amount on deposit in the Interest Account and Principal Account is insufficient to pay the full amount of the interest and principal of the Bonds which is due or is to be redeemed on the Interest Payment Date, the Fiscal Agent shall make a prorated payment first of the interest due until all of such interest is paid, and second to the principal of the Bonds as specified in an Officer's Certificate provided to the Fiscal Agent.

(C) Special Tax Prepayments Account Deposits and Disbursements. Within ten (10) Business Days after receiving a Special Tax Prepayment, the City shall deliver the amount thereof to the Fiscal Agent, together with an Officer's Certificate notifying the Fiscal Agent that the amount being delivered is a Special Tax Prepayment which is to be deposited in the Special Tax Prepayments Account. Upon receiving a Special Tax Prepayment from the City and such an Officer's Certificate, the Fiscal Agent shall deposit the amount of the Special Tax Prepayment in the Special Tax Prepayments Account. Such an Officer's Certificate may be combined with the Officer's Certificate which the City is required to deliver to the Fiscal Agent pursuant to Section 4.03(F) hereof. Moneys on deposit in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Interest Account and the Principal Account on the next date for which notice of the redemption of the Bonds can timely be given under Section 2.03(F) hereof and shall be used to redeem the Bonds on the redemption date selected in accordance with Section 2.03(B) hereof. Pending such transfer, the moneys on deposit in the Special Tax Prepayments Account shall be held uninvested in cash or invested in Defeasance Securities, in accordance with Section 6.01 hereof, at such yield as, in the opinion of Bond Counsel, is necessary to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Investment earnings on the moneys on deposit in the Special Tax Prepayments Account shall be retained in such account. The City shall provide direction in writing to the Fiscal Agent which shall include an exhibit of the Bond Counsel's determination.

(D) Investment. Except as provided in subsection (C) above, moneys in the Bond Fund, including all accounts therein, shall be invested and deposited in accordance with Section 6.01 hereof. Investment Earnings shall be retained in the Bond Fund, except to the extent they are required to be deposited by the Fiscal Agent in the Rebate Fund in accordance with Section 6.02 hereof.

Amounts in the Bond Fund, including all accounts therein, shall also be withdrawn and deposited in the Rebate Fund as provided in Section 6.02 hereof.

**Section 4.03. Reserve Fund.**

(A) Establishment of Fund. There is hereby established, as a separate fund to be held by the Fiscal Agent, the “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds Reserve Fund” to the credit of which a deposit shall be made as required by paragraph (A) of Section 3.02 hereof, which deposit is equal to the Reserve Requirement, and to which deposits shall be made as provided in Section 3.04(B) hereof. Moneys in the Reserve Fund, and any sub-account therein, shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of and interest and any premium on the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

The Reserve Fund may be maintained in the form of one or more separate sub-accounts, to the extent detailed in a Supplemental Agreement, which are established for the purpose of holding the proceeds of the Bonds in conformity with applicable provisions of the Code.

(B) Use of Fund. Except as otherwise provided in this Section, all amounts on deposit in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Interest Account and the Principal Account of the Bond Fund for the Bonds in the event of any deficiency at any time in either of such accounts of the amount then required for payment of the principal of and interest and any premium on the Bonds or, in accordance with the provisions of subsection (E) of this Section 4.03, for the purpose of redeeming Bonds.

(C) Transfer Due to Deficiency in Interest and Principal Accounts. Whenever transfer is made from the Reserve Fund to the Interest Account or the Principal Account due to a deficiency in either such account, the Fiscal Agent shall provide written notice thereof to the City.

(D) Transfer of Excess of Reserve Requirement. Whenever, on any September 2, the amount in the Reserve Fund, and any sub-account therein, less Investment Earnings resulting from the investment of the funds therein which pursuant to Section 6.02 hereof must be rebated to the United States, as previously directed by the City, exceeds the Reserve Requirement, as calculated on such date by the City and provided in writing to the Fiscal Agent, the Fiscal Agent shall provide written notice to the City of the amount of the excess. Upon receiving written direction from an Authorized Officer (upon which the Fiscal Agent may conclusively rely), the Fiscal Agent shall, subject to the requirements of Section 6.02 hereof, transfer an amount from the Reserve Fund, and any sub-account therein, which will reduce the amount on deposit therein to an amount equal to the Reserve Requirement to the Interest Account and the Principal Account, in the priority specified in Section 4.02(B)(1) and (2) hereof, to be used for the payment of the interest on and principal of the Bonds on the next succeeding Interest Payment Date in accordance with Section 4.02 hereof.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund, and any sub-account therein, is equal to or exceeds the amount

required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon receiving written direction from an Authorized Officer (upon which the Fiscal Agent may conclusively rely), transfer the amount in the Reserve Fund, and any sub-account therein, to the Interest Account and the Principal Account, in the priority specified in Section 4.02(B)(1) hereof, to be applied, on the next succeeding Interest Payment Date, to the payment and redemption, in accordance with Section 2.03 and Section 4.02 hereof of all of the Outstanding Bonds. In the event that the amount available to be so transferred from the Reserve Fund, and any sub-account therein, as provided in an Officer's Certificate, to the Interest Account and the Principal Account exceeds the amount required to pay and redeem the Outstanding Bonds, the excess shall be transferred to the City to be used for any lawful purpose of the City.

(F) Transfers on Payment of Special Tax Obligations. Whenever the City receives a Special Tax Prepayment, the City shall by an Officer's Certificate notify the Fiscal Agent of the amount by which the Reserve Fund, and any sub-account therein, is to be reduced and which is transferrable from the Reserve Fund, and any sub-account therein, to the Principal Account of the Bond Fund, which amount shall be specified in the Officer's Certificate. Each such Officer's Certificate shall be accompanied by a report of an Independent Financial Consultant verifying the accuracy of the calculation of the amount to be transferred from the Reserve Fund, and any sub-account therein, to the Principal Account ("Verification"). Upon receipt of each such Officer's Certificate and Verification, upon which the Fiscal Agent may conclusively rely, the Fiscal Agent shall at such time as the amount of such Special Tax Prepayment will be used to redeem Bonds, as provided in Section 4.02(B)(2) hereof, transfer the amount specified in such Officer's Certificate to the Principal Account and use such amount, together with the amount of such Special Tax Prepayment, to redeem Bonds, as provided in Section 4.02(B)(2) hereof. Notwithstanding the preceding provisions of this subsection, no amount shall be transferred from the Reserve Fund to the Principal Account if the amount on deposit in the Reserve Fund, and any sub-account therein, is, or as a result of such transfer would be, less than the Reserve Requirement.

(G) Investment. Moneys on deposit in the Reserve Fund, and any sub-account therein, shall be invested in Permitted Investments which do not have maturities extending beyond five (5) years; provided, however, if the Reserve Fund, and any sub-account therein, is invested in an investment agreement (as defined in clause (vii) of the definition of Permitted Investments in Section 1.03 hereof) or a repurchase agreement (as defined in clause (xi) of such definition), such agreement may have a maturity longer than five (5) years if the Fiscal Agent is authorized by the provisions of such agreement to draw the full amount thereof, without penalty, if required for the purposes of the Reserve Fund, and any sub-account therein. The City shall cause the Permitted Investments, other than such investment agreements, in which moneys on deposit in the Reserve Fund, and any sub-account therein, are invested to be valued at fair market value and at least once in each Fiscal Year. Fiscal Agent's pricing service, as reflected on its monthly statements, satisfies fair market value.

## ARTICLE V OTHER COVENANTS OF THE CITY

**Section 5.01. Punctual Payment.** The City will punctually pay or cause to be paid the principal of and interest and any premium on the Bonds when and as due in strict conformity with

the terms of this Agreement and any Supplemental Agreement to the extent that the Special Tax Revenues are available therefor, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

**Section 5.02. Extension of Time for Payment.** In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

**Section 5.03. Against Encumbrances.** The City shall not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

**Section 5.04. Books and Accounts.** The City shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund. Such books of record and accounts shall at all times during business hours, upon reasonable notice, be subject to the inspection of the Owners of not less than ten percent (10%) of the aggregate principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

**Section 5.05. Protection of Security and Rights of Owners.** The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

**Section 5.06. Collection of Special Tax Revenues.** The City shall comply with all requirements of the Act, including the enactment of necessary ordinances, so as to ensure the timely collection of Special Tax Revenues, including without limitation, the enforcement of the payment or collection of delinquent Special Taxes.

On or within five (5) Business Days of June 1 of each year, the Fiscal Agent shall provide the City with a notice stating the amount then on deposit in the Special Tax Fund, the Bond Fund, and the Reserve Fund (including all accounts and sub-accounts therein); the monthly statements provided by the Fiscal Agent shall satisfy this notice requirement. The receipt of such notice by the City or the failure of the Fiscal Agent to give such notice shall in no way affect the obligations of the City under the following two paragraphs. The Fiscal Agent shall have no liability if it does not provide such notice to the City. Upon receipt of such notice, the City shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current Fiscal Year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Act by August 10 of each year (or such later date as may be authorized by the Act or any amendment thereof) that the Bonds are Outstanding, such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within Improvement Area No. 2 for inclusion on the tax roll for the Fiscal Year then beginning. Upon the completion of the computation of the amounts of the levy of the Special Taxes, the City shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the tax roll. Notwithstanding the preceding provisions of this paragraph, the City Council may elect, as permitted by the Act, to collect the Special Taxes to be levied for any Fiscal Year directly from the owners of the parcels of taxable property upon which the Special Taxes are levied rather than by transmitting the Special Taxes to the Auditor for collection on the tax roll; provided that, in such event, the City shall otherwise comply with the provisions of this Section 5.06.

The City shall fix and levy the amount of Special Taxes within Improvement Area No. 2 required for the payment of the principal of and interest on any Outstanding Bonds becoming due and payable during the ensuing calendar year, including any necessary replenishment of the Reserve Fund, and the amount estimated to be sufficient to pay the Administrative Expenses during such calendar year. The Special Taxes so levied shall not exceed the authorized amounts for Improvement Area No. 2 as provided in the proceedings for the establishment of the District and the designation of Improvement Area No. 2 therein.

The Special Taxes shall be payable and be collected (except in the event of judicial foreclosure proceedings pursuant to Section 5.10 hereof) in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

The City will not, in collecting the Special Taxes or in processing any such judicial foreclosure proceedings, exercise any authority which it has pursuant to Sections 53340, 53344.1, 53356.1 and 53356.5 of the California Government Code in any manner which would materially and adversely affect the interests of the Owners and, in particular, will not permit the tender of Bonds in full or partial payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant certifying that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

**Section 5.07. Levy of Special Taxes for Administrative Expenses.** The City covenants that (a) to the extent that it is legally permitted to do so, it will levy the Special Taxes for the payment of the Administrative Expenses which are expected to be incurred in each Fiscal Year, and (b) it will not initiate proceedings under the Act to reduce the Maximum Special Tax rates (the “Maximum Rates”) on then existing Developed Property in Improvement Area No. 2 below the amounts which are necessary to provide Special Tax Revenues in an amount equal to estimated Administrative Expenses for the then current Fiscal Year plus an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Outstanding Bonds. For purposes of this Section, “Developed Property” has the meaning set forth in the Rate and Method of Apportionment.

The City further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the Maximum Rates, it will commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

**Section 5.08. Further Assurances.** The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Agreement.

**Section 5.09. Tax Covenants.** The City covenants that:

(A) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of the initial issuance and delivery of the Bonds which are issued as tax-exempt bonds, would have caused any of the Bonds which are issued as tax-exempt bonds to be “arbitrage bonds” within the meaning of Section 103(b) and Section 148 of the Code;

(B) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Bonds which are issued as tax-exempt bonds, would result in loss of exclusion from gross income for purposes of federal income taxation under Section 103(a) of the Code of interest paid with respect to the Bonds which are issued as tax-exempt bonds;

(C) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Bonds which are issued as tax-exempt bonds, would have caused any of the Bonds which are issued as tax-exempt bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(D) It will comply with the Rebate Certificate as a source of guidance for achieving compliance with the Code; and

(E) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest paid with respect to the Bond which are issued as tax-exempt bonds, it will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code.

The covenants of the City contained in this Section 5.09 shall survive the payment, redemption or defeasance of Bonds pursuant to Section 9.03 hereof.

**Section 5.10. Covenant to Foreclose.** Pursuant to Section 53356.1 of the California Government Code, the City covenants with and for the benefit of the Owners of the Bonds that (i) it will order, and cause to be commenced, judicial foreclosure proceedings against properties in Improvement Area No. 2 with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and (ii) following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied, if the amount on deposit in the Reserve

Fund is less than the Reserve Requirement, it will commence judicial foreclosure proceedings against all properties in Improvement Area No. 2 with delinquent Special Taxes by October 1, and diligently pursue to completion such foreclosure proceedings.

**Section 5.11. Prepayment of Special Taxes.** The City shall cause all applications of owners of property in Improvement Area No. 2 to prepay and satisfy the Special Tax obligation for their property to be reviewed by the Tax Consultant and shall not accept any such prepayment unless such consultant certifies in writing that following the acceptance of the proposed prepayment by the City and the redemption of Bonds with such prepayment, the amount of Maximum Special Tax A that may be levied on all parcels of Taxable Property after the proposed prepayment will be at least 1.1 times Maximum Annual Debt Service on the Outstanding Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses. For purposes of this Section, “Maximum Special Tax A” and “Taxable Property” have the meanings set forth in the Rate and Method of Apportionment.

**Section 5.12. Calculation of Prepayments.** The City will cause all Special Tax Prepayments to be calculated to include the amount of the premium on the Outstanding Bonds that will be redeemed with the Special Tax Prepayment and negative arbitrage on the investment of the Special Tax Prepayment from the date of receipt until the Interest Payment Date upon which the Special Tax Prepayment and the amount to be transferred from the Reserve Fund to the Principal Account pursuant to Section 4.03(F) hereof will be used to redeem Outstanding Bonds pursuant to Section 2.03(B) hereof. The City will not include in any calculation of the amount of any Special Tax Prepayment for any parcel of taxable property in Improvement Area No. 2 a proportionate amount of the amount then on deposit in the Reserve Fund, if at the time of such calculation the amount on deposit in the Reserve Fund, or any sub-accounts therein, is less than the Reserve Requirement.

**Section 5.13. Continuing Disclosure.** The City hereby covenants and agrees that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

**Section 5.14. Accountability Measures.** The City shall comply with the requirements of Section 53410 of the California Government Code with respect to the deposit and expenditure of the Proceeds of the sale of the Bonds and shall cause the appropriate officer of the City to file a report with the City Council no later than January 31, 2025, and annually thereafter, which shall contain the information required by Section 53411 of the California Government Code with respect to the expenditure of the Proceeds.

## **ARTICLE VI INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY**

**Section 6.01. Deposit and Investment of Moneys in Funds.** Subject in all respects to the provisions of Section 6.02 hereof, moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer’s Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer’s Certificate, the Fiscal Agent shall hold funds uninvested. The Fiscal Agent shall not

have any responsibility for determining the legality or suitability of any Permitted Investments and may rely on any Officer's Certificate or other direction as to the legality or suitability of any Permitted Investment. The Fiscal Agent shall have no obligation to pay additional interest or maximize investment income on any funds held by it. Neither the City nor the Owners of the Bonds shall have any claim of any kind against the Fiscal Agent in connection with investments properly made pursuant to this Section 6.01. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of Investment Earnings in funds and accounts.

The Fiscal Agent and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment. The Fiscal Agent shall not incur any liability for losses arising from any investments made pursuant to this Section 6.01. For purposes of determining the amount on deposit in any fund or account held hereunder, all Permitted Investments or investments credited to such fund or account shall be valued at the cost thereof (excluding accrued interest and brokerage commissions, if any).

Subject in all respects to the provisions of Section 6.02 hereof, investments in any and all funds and accounts may be commingled in a single fund for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent hereunder, provided that the Fiscal Agent shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited, and the Fiscal Agent shall not be liable or responsible for any loss resulting from the acquisition or disposition of any such investment security in accordance herewith.

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

The Fiscal Agent may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

**Section 6.02. Rebate Fund; Rebate to the United States.** There is hereby created, to be held by the Fiscal Agent as a separate account distinct from all other funds and accounts held by the Fiscal Agent under this Agreement, the Rebate Fund. The Fiscal Agent shall, in accordance with written directions received from an Authorized Officer, deposit into the Rebate Fund moneys transferred by the City to the Fiscal Agent pursuant to the Rebate Certificate or moneys transferred by the Fiscal Agent from the Reserve Fund. The Rebate Fund shall be held either uninvested or invested only in Federal Securities at the written direction of the City. Moneys on deposit in the



Rebate Fund shall be applied only to payments made to the United States, to the extent such payments are required by the Rebate Certificate. The Fiscal Agent shall, upon written request and direction of the City, make such payments to the United States.

The Fiscal Agent may rely conclusively upon the City's determinations, calculations, and certifications required by this Section. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder. The Fiscal Agent's sole responsibilities under this Section 6.02 are to follow the written instructions of the City pertaining hereto. The City shall be responsible for any fees and expenses incurred by the Fiscal Agent pursuant to this Section 6.02.

The Fiscal Agent shall, upon written request and direction from the City, transfer to or upon the order of the City any moneys on deposit in the Rebate Fund in excess of the amount, if any, required to be maintained or held therein in accordance with the Rebate Certificate.

**Section 6.03. Liability of City.** The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Agreement. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of and of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively

proved and established by a certificate of the Fiscal Agent, and such certificate shall be full warranty to the City for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**Section 6.04. Employment of Agents by City.** In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

## **ARTICLE VII THE FISCAL AGENT**

**Section 7.01. Appointment of Fiscal Agent.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed Fiscal Agent, registrar and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph of this Section 7.01, shall be the successor to the Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

The City may, upon a 30-day notice of removal, remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, national banking association, corporation or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such bank, national banking association, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, 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.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 7.01 within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent, at the expense of the City, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

**Section 7.02. Liability of Fiscal Agent.** The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City and the District, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. The Fiscal Agent has no liability regarding the use of the proceeds from the purchase of the Bonds deposited in funds held by the City.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, opinions, resolutions, orders, notices, requests, consents, waivers, statements, affidavits or other paper, documents or electronic communications or information furnished to the Fiscal Agent and conforming to the requirements of this Agreement, including all Officer's Certificates of the City or the District meeting such requirements. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, opinion, statement, affidavit, or other paper, document or electronic communication which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Fiscal Agent unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of unavoidable 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, quarantine restrictions, 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 Fiscal Agent.

The Fiscal Agent shall not be responsible for accounting for, or paying to, any party to this Agreement, including, but not limited to the City and the Owners, any returns on or benefit from funds held for payment of unredeemed Bonds or outstanding checks and no calculation of the same shall affect, or result in any offset against, fees due to the Fiscal Agent under this Agreement.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall not be concerned with 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 permissive right of the Fiscal Agent to do things enumerated in this Agreement shall not be construed as a duty and it shall not be liable for other than its negligence or willful misconduct.

In no event shall the Fiscal Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits) even if the Fiscal Agent has been advised of the likelihood of such damages and regardless of the form of such action.

For all purposes hereunder, the Fiscal Agent shall not be deemed to have notice or knowledge of any event (including any default or event of default) unless a Responsible Officer of the Fiscal Agent has received written notice of such event and references this Agreement or the City or the District. The delivery of reports and other documents and information to the Fiscal Agent hereunder is for informational purposes only and the Fiscal Agent's receipt of such documents and information shall not constitute constructive notice of any information contained therein or determinable from information contained therein.

All indemnification and releases from liability granted herein to the Fiscal Agent shall extend to the directors, officers and employees of the Fiscal Agent.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Fiscal Agent an incumbency certificate listing Authorized Officers with the authority to provide such Instructions and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the City 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 City. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent 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 Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (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 Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

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

The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Fiscal Agent shall not be answerable for any willful misconduct or negligence on the part of any attorney, agent or receiver selected by it with reasonable care.

**Section 7.03. Information.** The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including, but not limited to, quarterly statements reporting funds held and transactions by the Fiscal Agent.

**Section 7.04. Notice to Fiscal Agent.** The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Fiscal Agent hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warranty to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**Section 7.05. Compensation, Indemnification.** The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Agreement, and the Fiscal Agent shall have a first priority lien therefor on any funds at any time held by it in the Administrative Expense Fund, and the Fiscal Agent shall pay and reimburse all expenses, charges, fees and other disbursements, including those of its attorneys, agents and employees, incurred in connection therewith from the funds held by it in the Administrative Expense Fund. The City further agrees, to the extent permitted by applicable law, to indemnify, save and hold the Fiscal Agent, its officers, employees, directors and agents, harmless against any liabilities, costs, claims (whether asserted by or involving the City, the District, any Owner, or any other person), expenses or charges of any kind whatsoever (including fees and expenses of its attorneys) which it may incur in the exercise and performance of its powers and duties hereunder or the enforcement of this Section which are not due to its negligence or willful misconduct. The obligation of the City under this Section 7.05 shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement.

**Section 7.06. Books and Accounts.** The Fiscal Agent shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it to the expenditure of amounts disbursed from the Bond Fund, the Special Tax Fund, the Administrative Expense Fund, the Reserve Fund and the Costs of Issuance Fund. Such books of record and accounts shall, upon reasonable notice, at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the aggregate principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

**ARTICLE VIII**  
**MODIFICATION OR AMENDMENT OF THIS AGREEMENT**

**Section 8.01. Amendments Permitted.**

(A) This Agreement and the rights and obligations of the District and the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of the Owners, or with the written consent, without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04 hereof. No such modification or amendment shall (i) extend the maturity of any Bond or the time for paying interest thereon, or otherwise alter or impair the obligation of the City on behalf of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation of any pledge of or lien upon the Special Tax Revenues, or the moneys on deposit in the Special Tax Fund (excluding the Surplus Account therein), the Bond Fund or the Reserve Fund, superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), (iii) reduce the percentage of Bonds required for the amendment hereof, or (iv) reduce the principal amount of or redemption premium on any Bond or reduce the interest rate thereon.

(B) This Agreement and the rights and obligations of the District and the City and the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(2) to make modifications not adversely affecting any Outstanding series of Bonds of the District in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions of this Agreement, or in regard to questions arising under this Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners;

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of moneys to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds which are issued as tax-exempt bonds or to conform with the Regulations; or

(5) to provide for the issuance of refunding bonds to redeem the Bonds.

No such amendment may modify any of the rights or obligations of the Fiscal Agent

without its written consent.

**Section 8.02. Owners' Meetings.** The City may at any time call a meeting of the Owners. In such event, the City is authorized to fix the time and place of any such meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of the meeting.

**Section 8.03. Procedure for Amendment with Written Consent of Owners.** The City and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01(A) hereof, to take effect when and as provided in this Section 8.03. A copy of the Supplemental Agreement to be entered under Section 8.01(A) hereof, together with a request to Owners for their consent thereto, shall be mailed by first class mail, postage prepaid, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of the Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such a Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04 hereof. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the documents required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article VIII) upon the City, the District and the Owners of all Bonds then Outstanding at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60)-day period.

**Section 8.04. Disqualified Bonds.** Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any



vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or participate in any action provided for in this Article VIII. Upon request of the Fiscal Agent, the City shall specify to the Fiscal Agent those Bonds disqualified pursuant to this Section and the Fiscal Agent may conclusively rely on such certificate.

**Section 8.05. Effect of Supplemental Agreement.** From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

**Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments.** The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for like Bonds then Outstanding, upon surrender of such Bonds.

**Section 8.07. Amendatory Endorsement of Bonds.** The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

**Section 8.08. Opinion of Counsel Regarding Supplemental Agreement.** The Fiscal Agent shall be furnished an opinion of counsel that any Supplemental Agreement entered into by the City and the Fiscal Agent complies with the provisions of this Article VIII and the Fiscal Agent may conclusively rely on such opinion.

## **ARTICLE IX MISCELLANEOUS**

**Section 9.01. Benefits of Agreement Limited to Parties.** Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy or claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

**Section 9.02. Successor is Deemed Included in All References to Predecessor.** Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof,

and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

### **Section 9.03. Discharge of Agreement.**

If the City shall pay and discharge the indebtedness on all, or a portion (a "Partial Discharge"), of the Outstanding Bonds in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of and interest and any premium on such Bonds, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, an amount of money which, together with the amounts then on deposit in the Bond Fund (including all accounts therein), the Special Tax Fund, and the Reserve Fund, or in the event of a Partial Discharge, the appropriate portion of such amounts, as determined by the City, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums, if any; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and/or non-callable Defeasance Securities in such amount as the City shall determine, as confirmed by an Independent Financial Consultant, will, together with the interest to accrue thereon and amounts then on deposit in the Bond Fund (including all accounts therein), the Special Tax Fund, and the Reserve Fund, or in the event of a Partial Discharge, the appropriate portion of such amounts, as determined by the City and confirmed by an Independent Financial Consultant, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Agreement or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Special Tax Revenues and other funds provided for in this Agreement and all other obligations of the City and the District under this Agreement with respect to such Bonds shall cease and terminate and this Agreement shall terminate, except the obligation of the City to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon, the obligation of the City to pay all amounts owing to the Fiscal Agent pursuant to Section 7.05 hereof, and the obligations of the City pursuant to the covenants contained in Section 5.10 hereof; and thereafter Special Taxes shall not be payable to the Fiscal Agent. Notice of such election shall be filed with the Fiscal Agent. The satisfaction and discharge of this Agreement as to all of the Outstanding Bonds shall be without prejudice to the rights of the Fiscal Agent to charge and be reimbursed by the City for the expenses which it shall thereafter incur in connection herewith.

Any funds held by the Fiscal Agent to pay and discharge the indebtedness on such Bonds, upon payment of all fees and expenses of the Fiscal Agent, which are not required for such purpose, shall be paid over to the City.

**Section 9.04. Execution of Documents and Proof of Ownership by Owners.** Any request, declaration, or other instrument which this Agreement may require or permit to be

executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such a request, declaration or other instrument, or of a writing appointing such an attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such a notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registration books maintained by the Fiscal Agent pursuant to Section 2.08 hereof.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

**Section 9.05. Waiver of Personal Liability.** No member, officer, agent or employee of the City or the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.06. Notices to and Demands on City and Fiscal Agent.** Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid (first class, registered or certified) in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Corona  
400 South Vicentia Avenue  
Corona, CA 92882  
Attn: Finance Director

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by being deposited postage prepaid (first class, registered or certified) in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows:

The Bank of New York Mellon Trust Company, N.A.  
333 South Hope Street, Suite 2525  
Los Angeles, CA 90071  
Attn: Corporate Trust

**Section 9.07. Partial Invalidity.** If any section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held by a court of competent jurisdiction to be illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this

Agreement. The City hereby declares that it would have executed and delivered this Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

**Section 9.08. Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be paid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the City for the payment of the principal of, and interest and any premium on, their Bonds.

**Section 9.09. Applicable Law.** This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

**Section 9.10. Conflict with Act.** In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

**Section 9.11. Conclusive Evidence of Regularity.** Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

**Section 9.12. Payment on Business Day.** In any case where the date of the payment of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption is other than a Business Day, the payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required, and no interest shall accrue for the period from and after such date.

**Section 9.13. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

**Section 9.14. Waiver of Jury Trial.** Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

**IN WITNESS WHEREOF**, the City has caused this Agreement to be executed in its name on behalf of the District, and the Fiscal Agent, in acknowledgment of its acceptance of the trusts created hereunder, has caused this Agreement to be executed in its name, all as of the date first set forth above.

**CITY OF CORONA, for and on behalf of  
COMMUNITY FACILITIES DISTRICT NO.  
2018-1 (BEDFORD) OF THE CITY OF  
CORONA, COUNTY OF RIVERSIDE, STATE  
OF CALIFORNIA**

By: \_\_\_\_\_  
Finance Director

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Fiscal Agent**

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

**EXHIBIT A  
FORM OF BOND**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE AGREEMENT) TO THE FISCAL AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND AUTHENTICATED AND DELIVERED 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.

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

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

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE  
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)  
(IMPROVEMENT AREA NO. 2)  
OF THE CITY OF CORONA  
2024 SPECIAL TAX BONDS

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
		[_____]	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Corona (the “City”), for and on behalf of Community Facilities District No. 2018-1 (Bedford) of the City of Corona, County of Riverside, State of California (the “District”), for value received, hereby promises to pay, from the Special Taxes (as hereinafter defined) to be collected in Improvement Area No. 2 of the District (“Improvement Area No. 2”) or amounts in certain of the funds and accounts held under that certain Fiscal Agent Agreement, dated as of [DATE] (the “Agreement”), by and between the District and The Bank of New York Mellon Trust Company, N.A. (the “Fiscal Agent”), to the registered owner named above, or registered assigns, on the maturity date specified above, the principal amount specified above, and to pay interest on such principal amount semiannually on March 1 and September 1, commencing [March 1, 2025] (“Interest Payment Dates”), at the interest rate specified above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable by check 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 Fiscal Agent. Interest on this Bond shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owner hereof as of the close of business on the fifteenth (15th) day

of the month preceding the month in which the Interest Payment Date occurs (the “Record Date”) at such registered owner’s address as it appears on the registration books maintained by the Fiscal Agent; except that at the written request of the owner of at least \$1,000,000 in aggregate principal amount of outstanding Bonds filed with the Fiscal Agent prior to the Record Date preceding any Interest Payment Date, interest on such Bonds shall be paid to such owner on such Interest Payment Date by wire transfer of immediately available funds to an account in the United States of America designated in such written request.

This Bond is one of a duly authorized issue of bonds approved by the qualified electors of Improvement Area No. 2 of the District pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the “Mello-Roos Act”), for the purpose, among others, of financing the construction and acquisition of certain public facilities within and for the District, and is one of the series of Bonds designated “Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds (the “Bonds”), in the aggregate principal amount of \$[PAR AMOUNT]. 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 on August 7, 2024 (the “Resolution”), and the Fiscal Agent Agreement and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to the terms and conditions of the Resolution and the Agreement. The Resolution is adopted under, the Agreement is executed under, this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

Pursuant to the Mello-Roos Act, the Agreement and the Resolution, the principal of and interest on the Bonds are payable from the annual levy of Special Taxes (as defined in the Agreement), authorized under the Mello-Roos Act to be collected within Improvement Area No. 2 and are secured by a pledge of and first lien upon the revenues derived therefrom and certain funds held by the Fiscal Agent pursuant to the Agreement.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of its authentication, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon, or from the Closing Date if no interest has previously been paid or made available for payment hereon.

Any tax for the payment hereof shall be limited to the Special Taxes, except to the extent that provision for payment has been made by the City as may be permitted by law. The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than as described hereinabove.

The City has covenanted for the benefit of the owners of the Bonds that (i) it will order, and cause to be commenced, judicial foreclosure proceedings against properties in Improvement

Area No. 2 with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and (ii) following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied, if the amount on deposit in the Reserve Fund (as defined in the Agreement) is less than the Reserve Requirement it will commence judicial foreclosure proceedings against all properties in Improvement Area No. 2 with delinquent Special Taxes by the October 1 and diligently pursue to completion such foreclosure proceedings.

The Bonds are subject to optional redemption prior to their stated maturity dates at the option of the City on September 1, 20[ ] or any date thereafter, from such maturities as selected by the City (and by lot within any one maturity), in integral multiples of \$5,000, at the option of the City from moneys derived by the City from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 20[ ] through August 31, 20[ ]	103%
September 1, 20[ ] through August 31, 20[ ]	102
September 1, 20[ ] through August 31, 20[ ]	101
September 1, 20[ ] and any date thereafter	100

The Bonds are subject to mandatory redemption prior to their stated maturity dates on any Interest Payment Date, as selected among maturities by the City (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the City from Special Tax Prepayments, at redemption prices (expressed as percentages of the principal amounts of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date through March 1, 20[ ]	103%
September 1, 20[ ] and March 1, 20[ ]	102
September 1, 20[ ] and March 1, 20[ ]	101
September 1, 20[ ] and any Interest Payment Date thereafter	100

The outstanding Bonds maturing on September 1, 20[ ] and on September 1, 20[ ], are subject to mandatory sinking fund redemption, in part, without premium, on September 1, 20[ ] and on September 1, 20[ ], respectively, and on each September 1 thereafter to maturity as provided in the Agreement.

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner and to the extent provided in the Agreement.

From and after the date fixed for redemption, if funds available for the payment of the redemption prices of the Bonds selected for redemption shall have been deposited in the Bond Fund, such Bonds shall cease to be entitled to any benefit under the Agreement other than the right to receive payment of the redemption price, and interest shall cease to accrue on the Bonds to be redeemed on the redemption date specified in the notice of redemption.



This Bond shall be registered in the name of the owner hereof, as to both principal and interest.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for that purpose and authenticated by the manual signature of an authorized signatory of the Fiscal Agent upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner or his duly authorized attorney, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof and interest hereon shall be payable only to the registered owner or to such owner's order.

The Fiscal Agent shall require the registered owner requesting transfer or exchange hereof to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The Agreement and the rights and obligations of the City and the District thereunder may be modified or amended as set forth therein.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been dated and manually signed on behalf of the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law.

**IN WITNESS WHEREOF**, the City of Corona, for Community Facilities District No. 2018-1 (Bedford) of the City of Corona thereof, has caused this Bond to be dated [DATE], and to be signed by the facsimile signature of the Mayor of the City and countersigned by the facsimile signature of the City Clerk.

**CITY OF CORONA for and on behalf of  
COMMUNITY FACILITIES DISTRICT NO.  
2018-1 (BEDFORD) OF THE CITY OF  
CORONA, COUNTY OF RIVERSIDE, STATE  
OF CALIFORNIA**

ATTEST:

---

City Clerk of the City of Corona

---

Mayor of the City of Corona

CERTIFICATE OF AUTHENTICATION

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

Dated: \_\_\_\_\_

The Bank of New York Mellon Trust Company,  
N.A., Fiscal Agent

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

## ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

---

(Name, Address and Tax Identification or

---

(Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer said Bond on the books of the Fiscal Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_

---

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.

Signature Guaranteed:

---

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