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**INDENTURE OF TRUST**

by and between

**CHULA VISTA MUNICIPAL FINANCING AUTHORITY**

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
as Trustee

Dated as of March 1, 2024

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**CHULA VISTA MUNICIPAL FINANCING AUTHORITY**  
**LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2024**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), dated as of March 1, 2024, by and between the CHULA VISTA MUNICIPAL FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the “Trustee”);

### *WITNESSETH:*

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies; and

WHEREAS, each of the Community Facilities Districts (as defined herein) has previously issued one or more series of Prior Bonds (as defined herein) in connection with the issuance by the Authority of the Prior Authority Bonds (as defined herein) to refinance the acquisition and/or construction of certain public improvements; and

WHEREAS, the Authority has determined to issue its Local Agency Revenue Refunding Bonds, Series 2024 (the “2024 Bonds”) in the aggregate principal amount of \$\_\_\_\_\_ for the primary purpose of acquiring special tax refunding bonds of each of the aforesaid Community Facilities Districts, the proceeds of which will be utilized to defease and refund the Prior Bonds and the Prior Authority Bonds; and

WHEREAS, the 2024 Bonds will be issued pursuant to and secured by this Indenture in the manner provided herein; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority hereby certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration

of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

**Section 1.1 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Additional Bonds” means additional bonds issued pursuant to Section 5.6 and secured on a parity with the 2024 Bonds.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, whether at maturity or from sinking fund payments.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the City and the Authority in carrying out their duties hereunder including payment of amounts payable to the United States pursuant to Section 5.8 hereof.

“Authority” means the Chula Vista Municipal Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State, whose members as of the date hereof are the City and the Housing Authority of the City of Chula Vista, until a successor organization shall have become such, and thereafter “Authority” shall mean such successor organization.

“Authorized Officer” means the Chair, Vice Chair, Executive Director, Secretary, or Chief Financial Officer of the Authority, or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of this Indenture.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Insurer” means \_\_\_\_\_, a \_\_\_\_\_ insurance company, or any successor thereto or assignee thereof.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with Section 2.8 hereof.

“Bond Year” means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date of the Bonds to September 1, 2024, both dates inclusive.

“Bonds” means collectively, the 2024 Bonds and any Additional Bonds authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange, the Federal Reserve System, or banks or trust companies in New York, New York, Wilmington, Delaware or Los Angeles, California, or where the Trust Office is located, are not required or authorized by law, regulation or executive order to remain closed.

“Certificate of the Authority” means a certificate in writing signed by the Executive Director or Chief Financial Officer of the Authority, or by any other officer of the Authority duly authorized in writing by the Board for that purpose.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

“City” means the City of Chula Vista, California.

“Closing Date” means for each Series the date on which the Bonds of such Series were executed and delivered to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“Community Facilities District” or “CFD” means any one of the Community Facilities Districts.

“Community Facilities Districts” means, collectively, CFD No. 06-I, CFD No. 07-I, CFD No. 08-I and CFD No. 2001-2.

“Community Facilities District No. 06-I” or “CFD No. 06-I” means City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 06-I Improvement Area A” or “CFD No. 06-I Improvement Area A” means City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area A, a designated improvement area within CFD No. 06-I.



“Community Facilities District No. 06-I Improvement Area B” or “CFD No. 06-I Improvement Area B” means City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area B, a designated improvement area within CFD No. 06-I.

“Community Facilities District No. 07-I” or “CFD No. 07-I” means City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 08-I” or “CFD No. 08-I” means City of Chula Vista Community Facilities District No. 08-I (Otay Ranch Village Six), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2001-2” or “CFD No. 2001-2” means City of Chula Vista Community Facilities District No. 2001-2 (McMillin - Otay Ranch - Village Six), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 06-I Improvement Area A Local Obligation Indenture” means the Bond Indenture, dated as of March 1, 2024, by and between Community Facilities District No. 06-I and Wilmington Trust, National Association, as trustee, relating to the City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area A 2024 Special Tax Refunding Bonds.

“Community Facilities District No. 06-I Improvement Area B Local Obligation Indenture” means the Bond Indenture, dated as of March 1, 2024, by and between Community Facilities District No. 06-I and Wilmington Trust, National Association, as trustee, relating to the City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area B 2024 Special Tax Refunding Bonds.

“Community Facilities District CFD No. 07-I Local Obligation Indenture” means the Bond Indenture, dated as of March 1, 2024, by and between Community Facilities District No. 07-I and Wilmington Trust, National Association, as trustee, relating to the City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) 2024 Special Tax Refunding Bonds.

“Community Facilities District CFD No. 08-I Local Obligation Indenture” means the Bond Indenture, dated as of March 1, 2024, by and between Community Facilities District No. 08-I and Wilmington Trust, National Association, as trustee, relating to the City of Chula Vista Community Facilities District No. 08-I (Otay Ranch Village Six) 2024 Special Tax Refunding Bonds.

“Community Facilities District CFD No. 2001-2 Local Obligation Indenture” means the Bond Indenture, dated as of March 1, 2024, by and between Community Facilities District No. 2001-2 and Wilmington Trust, National Association, as trustee, relating to the City of Chula Vista Community Facilities District No. 2001-2 (McMillin - Otay Ranch - Village Six) 2024 Special Tax Refunding Bonds.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds, the Local Obligations, and the acquisition of the Local Obligations by the Authority, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, the underwriter’s discount, the premiums with respect to the

Insurance Policy and the Reserve Surety Bond, and other fees and expenses set forth in a Request of the Authority.

“Costs of Issuance Fund” means the fund by that name established in Section 3.4.

“Dated Date” means the date on which the Bonds are issued and authenticated by the Trustee.

“Defeasance Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (c) subject to the prior written consent of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, and (d) subject to the prior written consent of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), securities eligible for “AAA” defeasance under then existing criteria of S&P.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Event of Default” means any of the events described in Section 8.1 hereof.

“Fiscal Year” means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Authority as its official fiscal year period.

“Improvement Area” means any one of the Improvement Areas.

“Improvement Areas” means, collectively, CFD No. 06-I Improvement Area A and CFD No. 06-I Improvement Area B.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority, or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means such services providing information with respect to called bonds in accordance with then current guidelines of the Securities and Exchange Commission, such as the Trustee may select in its sole discretion.

“Insurance Policy” or “Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the 2024 Bonds when due.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2(a) hereof.

“Interest Payment Date” means March 1 and September 1 in each year, beginning September 1, 2024, and continuing thereafter so long as any Bonds remain Outstanding.

“Local Obligation Bond Indentures” means, collectively, the Community Facilities District No. 06-I Improvement Area A Local Obligation Indenture, the Community Facilities District CFD No. 06-I Improvement Area B Local Obligation Indenture, the Community Facilities District CFD No. 07-I Local Obligation Indenture, the Community Facilities District CFD No. 08-I Local Obligation Indenture, and the Community Facilities District CFD No. 2001-2 Local Obligation Indenture.

Local Obligation Bond Indentures shall also include any additional Local Obligation Bond Indentures executed and delivered in connection with the issuance hereafter of additional Local Obligations.

“Local Obligations” means collectively, the following:

- (a) City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area A 2024 Special Tax Refunding Bonds;
- (b) City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area B 2024 Special Tax Refunding Bonds;
- (c) City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) 2024 Special Tax Refunding Bonds;
- (d) City of Chula Vista Community Facilities District No. 08-I (Otay Ranch Village Six) 2024 Special Tax Refunding Bonds; and
- (e) City of Chula Vista Community Facilities District No. 2001-2 (McMillin - Otay Ranch - Village Six) 2024 Special Tax Refunding Bonds.

Local Obligations shall also include any additional Local Obligations issued hereafter pursuant to and in accordance with the provisions of the Local Obligation Bond Indentures.

“Local Obligations Delinquency Revenues” means Revenues received by the Trustee from the Local Obligations Trustee for a Series of the Local Obligations representing the payment of delinquent debt service on such Local Obligations.

“Local Obligations Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States of America, with a principal corporate trust office in Costa Mesa, California, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Local Obligation Bond Indentures.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service on a Series during the current or any future Bond Year.

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

“Original Purchaser” means, with respect to the 2024 Bonds, Raymond James & Associates, Inc. and with respect to a Series of Additional Bonds, the original purchaser thereof.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.7 hereof) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under this Indenture except –

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to Section 2.9 hereof;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.3 hereof or Bonds called for redemption for which funds have been provided as described in Section 2.2(g) hereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(2) Direct obligations\* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

- a. Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
- b. Federal Housing Administration – debentures
- c. General Services Administration – participation certificates
- d. Government National Mortgage Association (“GNMAs”) – guaranteed mortgage-backed securities and guaranteed participation certificates
- e. Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
- f. U.S. Department of Housing & Urban Development – local authority bonds
- g. U.S. Maritime Administration – guaranteed Title XI financings
- h. Washington Metropolitan Area Transit Authority – guaranteed transit bonds

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

- a. Federal National Mortgage Association (“FNMA”) – senior debt obligations rated Aaa by Moody’s Investors Service (“Moody’s”) and AAA by Standard & Poor’s Ratings Services (“S&P”)
- b. Federal Home Loan Mortgage Corporation (“FHLMCs”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
- c. Federal Home Loan Banks – consolidated debt obligations
- d. Student Loan Marketing Association – debt obligations
- e. Resolution Funding Corporation – debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and insured by the Federal Deposit Insurance Corporation

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\* The following are explicitly excluded from the securities enumerated in 2 and 3:

- (i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (iv) Collateralized Mortgage-Backed Obligations (“CMOs”).

("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund, and including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(7) Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services.

(9) Any other investment which the City is permitted by law to make, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2(a) hereof.

"Prior Authority Bonds" means Chula Vista Municipal Financing Authority Special Tax Revenue Refunding Bonds, Series 2013.

"Prior Bonds" means the following series of bonds previously issued by the Community Facilities Districts:

(a) City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area A Special Tax Refunding Bonds, Series 2013;

(b) City of Chula Vista Community Facilities District No. 06-I (Eastlake - Woods, Vistas and Land Swap) Improvement Area B Special Tax Refunding Bonds, Series 2013;

(c) City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) Special Tax Refunding Bonds, Series 2013;

(d) City of Chula Vista Community Facilities District No. 08-I (Otay Ranch Village Six) Special Tax Refunding Bonds, Series 2013; and

(e) City of Chula Vista Community Facilities District No. 2001-2 (McMillin - Otay Ranch - Village Six) Special Tax Refunding Bonds, Series 2013.

“Proportionate Share” means, as of the date of calculation for any issue of the Local Obligations, the ratio derived by dividing the remaining debt service of such Local Obligations by the remaining debt service of the Outstanding Bonds.

“Purchase Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.5 hereof.

“Rebate Fund” means the fund by that name established pursuant to Section 5.8 hereof.

“Rebate Regulations” means the Treasury Regulations issued under Section 148(f) of the Code.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

“Request of the Authority” means a written certificate or request executed by an Authorized Officer.

“Request of the City” means a written certificate or request executed by the Mayor, the City Manager, the Assistant City Manager, the Finance Director or any other Person designated by the City Manager with respect to the matters referred to therein.

“Representation Letter” means any letter of representations relating to a particular Series of Bonds, by and between the Authority and DTC or any other Securities Depository used by the Authority for a Series of Bonds.

“Reserve Account” means an account of the Reserve Fund established hereunder.

“Reserve Credit Facility” means (i) the Reserve Surety Bond, or (ii) a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, permitting draws thereunder in accordance with Section 4.3 hereof to the final date of maturity of the Bonds or Parity Bonds, so long as (a) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated in at the time of delivery to the Trustee not less than the rating on the Bonds from Standard & Poor’s or another rating agency requested by the Authority to rate the Bonds, and (b) so long as the Reserve Surety Bond remains in effect, the Bond Insurer has consented to the delivery of such Reserve Credit Facility.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.6 hereof.

“Reserve Surety Bond” means the Reserve Surety Bond issued by the Bond Insurer guaranteeing certain payments into the Reserve Fund with respect to the 2024 Bonds as provided therein and subject to the limitations set forth therein.

“Reserve Requirement” means an amount equal to the lowest of [(i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of Average Annual Debt Service on the Outstanding Bonds]. Notwithstanding the foregoing, in no event shall the Reserve Requirement exceed the initial deposit thereto except in connection with any increase associated with the issuance of Additional Bonds. As applied to individual accounts of the Reserve Fund, the Reserve Requirement shall initially be allocated as set forth in Section 4.3(a) hereof.

“Responsible Officer” means any officer of the Trustee assigned to administer the Trustee’s duties under this Indenture.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2 hereof.

“Revenues” means: (a) all amounts received from the Local Obligations; (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than the Rebate Fund and the Surplus Fund); and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

“Securities Depositories” means The Depository Trust Company, New York, New York, and its successor or assigns, or such other securities depositories as the Authority may designate from time to time.

“Series” means each series of Bonds issued hereunder.

“Series of Local Obligations” means each series of the Local Obligations issued pursuant to the Local Obligation Bond Indentures.

“Six Month Period” shall mean the period of time beginning on the Closing Date and ending six months thereafter, and each six month period thereafter until the latest maturity date of the Bonds (and any obligations that refund the Bonds).

“Special Taxes” means the taxes authorized to be levied by the CFDs on parcels within the CFDs or the Improvement Areas therein, as applicable, which have been pledged to repay the Local Obligations pursuant to the CFD Act.

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

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of Article VII of this Indenture.

“Surplus Fund” means the fund by that name established pursuant to Section 3.8 hereof.

“Tax Certificate” means the certificate by that name to be executed by the Authority on the Closing Date with respect to a Series of Bonds to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Tax-Exempt Obligations” means bonds the interest upon which is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

“Trust Office” means the office of the Trustee at which at any particular time its corporate trust business with respect to this Indenture shall be administered, which office at the date hereof is located



in Costa Mesa, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States of America, with a corporate trust office in Costa Mesa, California, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI hereof.

“2024 Bonds” means the Chula Vista Municipal Financing Authority Local Agency Revenue Refunding Bonds, Series 2024.

**Section 1.2 Rules of Construction.** All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**Section 1.3 Authorization and Purpose of Bonds.** The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every other requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the 2024 Bonds pursuant to the Bond Law and this Indenture for the primary purpose of providing funds to acquire the Local Obligations and in connection therewith, defease and refund the Prior Authority Bonds and the Prior Bonds.

**Section 1.4 Equal Security.** In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds and for the equal and proportionate benefit, security and protection of all Owners of the Bonds as their respective interests appear without preference, priority or distinction as to security or otherwise of any of the Bonds over other Bonds or any of the Bonds over any other Bonds by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

## ARTICLE II

### ISSUANCE OF BONDS

**Section 2.1 Terms of Bonds.** The 2024 Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be dated as of their Closing Date and be designated the “Chula Vista Municipal Financing Authority Local Agency Revenue Refunding Bonds, Series 2024,” which shall be issued in the original aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

The 2024 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The 2024 Bonds shall mature on September 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

| <i><b>Maturity Date<br/>(September 1)</b></i> | <i><b>Principal Amount</b></i> | <i><b>Interest Rate Per Annum</b></i> |
|---|--------------------------------|---------------------------------------|
|   | \$                             | %                                     |

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the Owner at the address of such Owner as it appears on the Bond Register or by wire transfer to an account in the United States of America made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series provided to the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, 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 Dated Date if no interest has been paid or made available for payment.

**Section 2.2 Redemption of Bonds.**

(a) No Optional Redemption. The 2024 Bonds are not subject to optional redemption prior to maturity.

The optional redemption provisions (if any) of any Series of Additional Bonds shall be set forth and provided for in a Supplemental Indenture. If the source of funds to optionally redeem the Additional Bonds is to be from a redemption of a Local Obligation, then, prior to consenting to the optional redemption of any Local Obligation which it has purchased and is held under this Indenture, the Authority shall deliver to the Trustee a certificate of an Independent Accountant or an Independent Financial Consultant verifying that, following such optional redemption of the Local Obligations and redemption of Additional Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds remaining Outstanding following such optional redemption. The Authority shall be required to give the Trustee written notice of its intention to redeem Additional Bonds under this Section (a) at least forty-five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee, in the sole determination of the Trustee, such notice intended for the convenience of the Trustee).

(b) Special Redemption. The 2024 Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from prepayments of Special Taxes within a Community Facilities District or Improvement Area, as applicable, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

| <i>Redemption Dates</i>  | <i>Redemption Prices</i> |
|--|--------------------------|
| Any Interest Payment Date from September 1, 20__ 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                      |

(c) Notice of Redemption. The Trustee on behalf, and at the expense of, the Authority shall send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, so long as the Bonds are registered in the name of the nominee of DTC, notice shall be given in such manner as complies with the requirements of DTC. Neither failure to receive any such notice so sent nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

In addition to the foregoing notice, further notice shall be sent by the Trustee in said form to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Unless funds for the optional redemption of any Additional Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondowners, such notice shall state that such redemption is subject to the deposit of funds by the Authority. Any notice of optional 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 Additional Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment by the Trustee from the applicable account in the Revenue Fund of the redemption price of the Bond 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.

(d) Selection of Bonds of a Maturity for Redemption. Unless otherwise provided hereunder, whenever provision is made in this Indenture or in the applicable Supplemental Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations shall be treated as separate Bonds which may be separately redeemed.

(e) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.2 shall be cancelled and destroyed.

**Section 2.3 Form of Bonds.** The Bonds, the form of Trustee's certificate of authentication, and the form of 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 Indenture.

**Section 2.4 Execution of Bonds.** All the Bonds shall, from time to time, be executed on behalf of the Authority by, or bear the manual or facsimile signature of, one of the members of the Board of Directors of the Authority or the Executive Director of the Authority and be attested by the manual or facsimile signature of the Secretary or by any deputy thereof. If any of the directors or officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of the Authority before the Bond so signed and sealed shall have been actually authenticated by the Trustee or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer of the Authority; and any such Bond may be signed and sealed on behalf of the Authority by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the Authority, although at the date of such Bond any such person shall not have been such officer of the Authority.

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

**Section 2.5 Transfer of Bonds.** Subject to Section 2.10, any Bond may in accordance with its terms, be transferred, upon the Bond Register, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount. No Bonds selected for redemption shall be subject to transfer pursuant to this Section nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority. However, the Owners of the Bonds shall be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds shall be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

**Section 2.6 Exchange of Bonds.** Subject to Section 2.10, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same Series, tenor and maturity and of other authorized denominations. No Bonds selected for redemption shall be subject to exchange pursuant to this Section, nor shall any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

**Section 2.7 Temporary Bonds.** The Bonds may be issued initially 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 Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be registered and authenticated by the Trustee

upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.8 Bond Register.** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which shall be the Bond Register and shall at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

**Section 2.9 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed in accordance with the retention policy of the Trustee then in effect. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, at the expense of the Bond Owner, the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.10 Book-Entry System.**

(a) All Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each maturity date of the Bonds. Upon initial issuance, the ownership of each Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. Except as provided in Section 2.10(d) hereof, all Outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an

Owner, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register, as provided in Section 2.8 hereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) The delivery of the Representation Letter shall not in any way limit the provisions of Section 2.10(b) hereof or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond Register. The Trustee shall take all action necessary for all representations in the Representation Letter with respect to the Trustee to be complied with at all times.

(d) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Authority determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirement that all Outstanding Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of such Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(i) or subsection 2.10(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Authority is obligated to deliver Bond certificates, as described in this Indenture and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names DTC shall designate to the Trustee in writing, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provisions of this Indenture to the contrary, as long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

### ARTICLE III

#### DEPOSIT AND APPLICATION OF PROCEEDS

**Section 3.1 Issuance of Bonds.** Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the 2024 Bonds in the original aggregate principal amount set forth in Section 2.1 hereof to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

**Section 3.2 Application of Proceeds of Sale of 2024 Bonds and Funds Received from the Community Facilities Districts.** Upon the receipt by the Trustee of payment for the 2024 Bonds in the amount of \$\_\_\_\_\_ (representing the purchase price for the 2024 Bonds, less \$\_\_\_\_\_ transferred directly by the Original Purchaser of the 2024 Bonds to the Insurer to pay the premium on the Policy and the Reserve Surety Bond), the Trustee shall deposit such funds as follows:

(a) \$\_\_\_\_\_ of the proceeds of the 2024 Bonds shall be deposited in the Purchase Fund for the acquisition of the Local Obligations in accordance with Section 3.5 hereof.

(b) \$\_\_\_\_\_ of the proceeds of the 2024 Bonds, representing the aggregate of each Community Facilities District's share of the Costs of Issuance, shall be retained by the Trustee and deposited in the Costs of Issuance Fund for the payment of Costs of Issuance in accordance with Section 3.4 hereof.

The Trustee shall deposit in the Reserve Fund the Reserve Surety Bond, which amount represents the Reserve Requirement as of the Closing Date of the 2024 Bonds and will be credited to the various accounts in the Reserve Fund as provided in Section 4.3 hereof.

The application of proceeds from the sale of a Series of Additional Bonds shall be set forth in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds.

**Section 3.3 Revenue Fund.** The Trustee shall establish and maintain a separate fund to be known as the "Revenue Fund" and the following separate accounts therein: Interest Account and Principal Account. Except as otherwise provided herein, the Trustee shall deposit all Revenues received after the Closing Date to the Revenue Fund and shall apply amounts in the Revenue Fund as described in Section 4.2 below.

**Section 3.4 Costs of Issuance Fund.** The Trustee shall establish and maintain a fund known as the "Costs of Issuance Fund" into which shall be deposited the amounts set forth in Section 3.2(b) above. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt by the Trustee of a Request of the Authority. Each such Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is sixty (60) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of



Issuance Fund to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund shall be closed and the Trustee shall no longer be obligated to make payments for Costs of Issuance. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and upon receipt of such request by the Trustee, the Trustee shall comply with such request.

**Section 3.5 Purchase Fund.** The Trustee shall establish and maintain a separate fund to be known as the “Purchase Fund” into which shall be deposited a portion of the proceeds of sale of the Bonds pursuant to Section 3.2(a) hereof (or pursuant to the provisions of a Supplemental Indenture). The Trustee shall use the proceeds of the Bonds to purchase Local Obligations on the Closing Date; provided, however, that such Local Obligations may be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues to be available to the Trustee, assuming timely payment of the Local Obligations, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds.

**Section 3.6 Reserve Fund.** The Trustee shall establish and maintain a separate fund to be known as the “Reserve Fund” and within such fund, accounts to be known as the “CFD No. 06-I Improvement Area A Reserve Account,” the “CFD No. 06-I Improvement Area B Reserve Account,” the “CFD No. 07-I Reserve Account,” the “CFD No. 08-I Reserve Account,” and the “CFD No. 2001-2 Reserve Account,” which accounts shall be administered as provided in Section 4.3 hereof.

**Section 3.7 Rebate Fund.** The Trustee shall establish and maintain a separate fund, when needed, to be known as the “Rebate Fund” and a separate Rebate Account and Alternative Penalty Account therein for the Bonds. The Rebate Fund shall be administered as described in Section 5.8 hereof.

**Section 3.8 Surplus Fund.** The Trustee shall establish and maintain a separate fund, when needed, to be known as the “Surplus Fund” which shall be administered as described in Section 4.4 hereof.

**Section 3.9 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Authority or the Community Facilities Districts with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

## ARTICLE IV

### REVENUES; FLOW OF FUNDS

**Section 4.1 Pledge of Revenues; Assignment of Rights.** Subject to the provisions of Sections 6.3 and 9.3 hereof, the Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any Bonds shall be and are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by this Indenture.

The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, respectively, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of this Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and, subject to the provisions of this Indenture, the Trustee shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City and the Community Facilities Districts under the Local Obligations.

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds, and upon satisfaction of all claims against the Authority hereunder with respect to the Bonds, including all fees, charges and expenses of the Trustee and the Authority which are properly payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all funds and accounts pertaining to such Bonds (except any amounts on deposit in the Rebate Fund and except moneys necessary to pay principal of, premium, if any, and interest on the Bonds, which moneys shall be held by the Trustee pursuant to Section 9.3), shall no longer be considered Revenues and are not pledged to repay the Bonds. Such amounts shall be transferred to the Local Obligations Trustee for each Series of Local Obligations then outstanding proportionately based on their respective Proportionate Share. In the event that the Local Obligations have been paid or defeased, then any such amounts shall be paid by the Trustee to the Authority to be used by the Authority for any lawful purpose.

**Section 4.2 Receipt, Deposit and Application of Revenues; Revenue Fund.** Subject to Section 4.2(a)(iv) below, all Revenues described in clause (a) of the definition thereof in Section 1.1 shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

(a) On each Interest Payment Date, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, 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 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:

(i) Interest Account. On each Interest Payment Date, the Trustee 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 such Interest Payment Date on all Outstanding Bonds on such date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date, after any transfers from the Reserve Fund pursuant to Section 4.3 hereof, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

(ii) Principal Account. On each September 1 on which principal of the Bonds shall be payable, the Trustee 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, and

premium (if any) on, the Bonds coming due and payable on such date, or required to be redeemed on such date pursuant to Section 2.2 hereof; provided, however, that no amount shall be deposited to effect a redemption pursuant to Section 2.2(a) hereof unless the Trustee has first received a certificate of an Independent Accountant or an Independent Financial Consultant certifying that such deposit to effect an optional redemption of the Additional Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the Community Facilities Districts continue to make timely payments on all Local Obligations not then in default. All moneys in the Principal Account shall be used and withdrawn by the Trustee 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 2.2 hereof.

(iii) Reserve Fund. On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, or amounts are due to an insurer under a Reserve Credit Facility, after making deposits required under (i) and (ii) above, the Trustee shall transfer from the Revenue Fund, an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement, by depositing the amount necessary to make the various accounts therein equal to, together, the Reserve Requirement, provided the value of the moneys deposited therein, as invested, shall be valued at market value on such transfer date for purposes of making such determination; and provided, further, that the replenishment of the accounts of the Reserve Fund shall be made in accordance with Section 4.3 hereof.

(iv) Local Obligations Delinquency Revenues. The Trustee shall disburse or transfer all Revenues representing Local Obligations Delinquency Revenues in the following order of priority:

First, to make payments required pursuant to Section 8.3 upon the occurrence of an Event of Default as described in Section 8.1(a),

Second, to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement as set forth in Section 4.3, and

Third, to make the deposits specified in Section 4.2(a)(i) through (iii) above.

(b) If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers described in subsection (a) above as a result of a payment default on an issue of Local Obligations, the Trustee shall immediately notify the issuer of such Local Obligations of the amount needed to make the required deposits under subsection (a) above. In the event that following such notice the Trustee receives Local Obligations Delinquency Revenues from the issuer of such Local Obligation to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with subsection (a)(iv).

(c) On each Interest Payment Date after making the transfers required under subsections (a) and (b) above, upon receipt of a Request of the Authority to do so, the Trustee shall transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts therein the amounts specified in such Request of the Authority.

(d) On September 1 of each year, after making the deposits required under subsections (a), (b) and (c) above, and upon reimbursement to the Bond Insurer for any amounts owed

under the Insurance Policy pursuant to Sections 10.2 and 10.4 hereof, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund.

### **Section 4.3 Reserve Fund.**

(a) There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement of which \$\_\_\_\_\_ shall initially be allocated to the CFD No. 06-I Improvement Area A Reserve Account, \$\_\_\_\_\_ shall initially be allocated to the CFD No. 06-I Improvement Area B Reserve Account, \$\_\_\_\_\_ shall initially be allocated to the CFD No. 07-I Reserve Account, \$\_\_\_\_\_ shall initially be allocated to the CFD No. 08-I Reserve Account, and \$\_\_\_\_\_ shall initially be allocated to the CFD No. 2001-2 Reserve Account, such amounts being the initial Proportionate Share of the Reserve Requirement for each account. In the event that the amount of the Reserve Requirement is changed, the Trustee shall, upon receipt of a Request of the Authority, adjust the Proportionate Share of each Reserve Account to reflect the new Reserve Requirement. The Reserve Requirement may be satisfied in whole or in part by the Reserve Surety Bond and one or more additional Reserve Credit Facilities. The Reserve Requirement will initially be satisfied by the Reserve Surety Bond. As of any date of calculation, the amount of the Reserve Surety Bond, any other Reserve Credit Facility and cash on deposit in the Reserve Fund shall be allocated to the Accounts therein based on the Proportionate Share.

(b) Moneys in the Reserve Fund shall be used solely for the purposes set forth in this Section 4.3. Subject to the limitations set forth in the following paragraph, amounts in the Reserve Fund may be applied to pay the principal of and interest on the Bonds when the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, moneys in the Reserve Fund not constituting funds drawn on the Reserve Fund Surety Bond or any other Reserve Credit Facility may be applied: (i) in connection with an optional redemption of Additional Bonds pursuant to Section 2.2 or a defeasance pursuant to Section 9.3, (ii) when the balance therein equals the principal and interest due on the Bonds to and including maturity, or (iii) when the amount in an account of the Reserve Fund is transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations secured by such account on the transfer dates specified in subsection (e) below.

(c) Except as otherwise provided herein, all money in the Reserve Fund and the Reserve Accounts therein shall be used and withdrawn by the Trustee solely for the purpose of making transfers as described in this Section 4.3(c). If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due or mandatory sinking fund payments on the Bonds when due, the Trustee shall withdraw from the applicable Reserve Account or Reserve Accounts an amount equal to the deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations and transfer such amount to the Interest Account, the Principal Account or both, as applicable. If there are insufficient funds on deposit in a Reserve Account to cover a deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations, the Trustee shall withdraw from each of the other Reserve Accounts an amount based upon the Proportionate Share applicable to each such Reserve Account of such remaining deficiency and transfer such amounts to the Interest Account, the Principal Account or both, as applicable.

Upon the transfer by the Trustee to the Reserve Fund of Local Obligations Delinquency Revenues of a Community Facilities District, such Revenues shall be allocated as follows:

(A) First, to the Bond Insurer to reimburse it for all Policy Costs (as defined in Section 4.3(f)(iii) below) due as a result of a draw on the Reserve Surety Bond and reimbursement of amounts with respect to any other Reserve Credit Facility due as a result of delinquencies on the Local Obligations of such Community Facilities District with such reimbursements credited first to each Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate on a Proportionate Share basis if such reimbursements are owing as a result from draws due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. Such reimbursements shall next be credited to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received; and

(B) Second, to the Reserve Account for any Series of Local Obligations, other than the Reserve Account to which such Local Obligations Delinquency Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that Series of Local Obligations from which the Local Obligations Delinquency Revenues were received. In the event that such Local Obligations Delinquency Revenues are insufficient to increase the amount on deposit in each of the applicable Reserve Accounts to their respective Proportionate Share of the Reserve Requirement, a Proportionate Share of such Local Obligations Delinquency Revenues shall be deposited in each such Reserve Account;

(C) Third, after increasing the amount on deposit in each applicable Reserve Account to the Reserve Requirement pursuant to the second step above, to the Reserve Account for the Series of Local Obligations from which the Local Obligations Delinquency Revenues were received that amount necessary to replenish the amount on deposit in such Reserve Account to the applicable Reserve Requirement; and

(D) Fourth, to the Revenue Fund.

(d) On September 1 of each year, any interest earned on the investment of moneys on deposit in the Reserve Fund which would cause the amount therein to exceed the Reserve Requirement shall be applied as set forth in Section 4.5 hereof.

(e) When amounts in a Reserve Account are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, such amounts will be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Local Obligations, with the amount transferred from a Reserve Account being deposited first to the Interest Account as a credit on the interest due on such Local Obligations on such date and the balance being deposited to the Principal Account as a credit on the principal due on such Local Obligations on such date.

(f) As long as the Reserve Surety Bond shall be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the Revenue Fund, plus all amounts on deposit in and credited to the Reserve Fund in excess of the amount of the Reserve Surety Bond, are insufficient to pay the amount of principal and interest coming due on the 2024 Bonds, then upon the later of: (1) one (1) Business Day after receipt by the Bond Insurer of a

Notice of Nonpayment (as defined in the Reserve Surety Bond), duly executed by the Trustee certifying that payment due under this Indenture has not been made to the Trustee; or (2) the Interest Payment Date, the Bond Insurer will make a deposit of funds in an account with the Trustee or its successor sufficient for the payment to the Trustee of amounts which are then due to the Trustee under this Indenture up to but not in excess of the Policy Limit (as defined in the Reserve Surety Bond); provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Reserve Surety Bond, includes amounts available under any other Reserve Credit Facility, draws on the Reserve Surety Bond and the other Reserve Credit Facility shall be made on a pro rata basis to fund the insufficiency.

(ii) The Authority shall repay any draws under the Reserve Surety Bond and pay all related reasonable expenses incurred by the Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Bond Insurer at the Late Payment Rate. For purposes of this Section 4.3, "Late Payment Rate" means the lesser of: (1) the greater of: (A) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank at its principal office in the City of New York, as its prime or lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank) plus 5%; and (B) the then applicable highest rate of interest on the 2024 Bonds; and (2) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that JP Morgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify. If the interest provisions of this Section 4.3(f) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

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

(iv) Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Surety Bond will be increased by a like amount, subject to the terms of the Reserve Surety Bond. The obligation to pay Policy Costs shall be secured by a valid lien on all Revenues (subject only to the priority of payment provisions set forth hereunder).

(v) All cash and investments in the Reserve Fund or a Reserve Account therein shall be transferred to the Revenue Fund for payment of the principal of and interest on the 2024 Bonds before any drawing may be made on the Reserve Surety Bond or any other Reserve Credit Facility credited to such Reserve Account in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on the Reserve Surety Bond and any other Reserve Credit Facility on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund or a Reserve Account therein. Payment of Policy Costs and reimbursement of amounts with respect to any other Reserve Credit Facility shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund or a Reserve Account therein. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(vi) If the Authority shall fail to pay any Policy Costs in accordance with the requirements of Section 4.3 hereof, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than: (i) acceleration of the maturity of the payments of principal of and interest on the Bonds; or (ii) remedies which would adversely affect Owners of the Bonds.

The Trustee shall ascertain the necessity for a claim upon the Reserve Surety Bond in accordance with the provisions of Section 4.3(f) hereof and provide notice to the Bond Insurer in accordance with the terms of the Reserve Surety Bond at least five (5) Business Days prior to an Interest Payment Date. Where deposits are required to be made by the Authority with the Trustee to the Revenue Fund for the payment of principal of and interest on the 2024 Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Bond Insurer of any failure of the Authority to make timely payment in full of such deposits within two Business Days of the date due.

**Section 4.4 Surplus Fund.** Any amounts transferred to the Surplus Fund pursuant to subsection 4.2 hereof shall no longer be considered Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 1 of each year the balance, if any, in the Surplus Fund shall (i) be transferred by the Trustee to the City for credit to the special tax fund for the Local Obligations, and each Community Facilities District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage which each series of its outstanding Local Obligation represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement or (ii) as set forth in a Request of the City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligation Bond Indenture with each series of Local Obligations to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which a series of outstanding Local Obligations represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement. In the event that the Local Obligations have been redeemed or defeased in whole or in part, then such credit shall be applied among the Local Obligations based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event all Community Facilities Districts are no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of expenses of the Authority, the City or the Community Facilities Districts relating to the Bonds, the Local Obligations, the Community Facilities Districts, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

On September 1 of the year preceding the year of the final maturity of the Bonds, the remaining balance in the Surplus Fund shall be credited by the Trustee on a proportionate basis, to the special tax fund established with respect to Local Obligations of the Community Facilities Districts. Such amounts shall be applied to reduce debt service payments on Local Obligations.

**Section 4.5 Investments.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee shall be entitled to conclusively rely on any such Request of the Authority and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall hold such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to this Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made; provided, however, that all interest or gain derived from the investment of amounts in the accounts of the Reserve Fund shall, to the extent the balance in any account thereof exceeds, on September 1 of each year, its Proportionate Share of the Reserve Requirement as set forth in Section 4.3(a) hereof, be withdrawn by the Trustee on such September 1, commencing September 1, 2025, and deposited to the special tax fund of the Community Facilities Districts to be applied to the payment of debt service on the applicable Local Obligations on the next Interest Payment Date.

For purposes of acquiring any investments hereunder, the Trustee may commingle moneys held by it in any of the funds and accounts held by it hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted herein through its own investment department. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 4.5. The parties hereto acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

**Section 4.6 Valuation and Disposition of Investments.** For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account shall be valued at the original cost thereof (excluding any brokerage commissions and excluding any



accrued interest) provided that the investment of any funds held in the Reserve Fund, shall be valued at fair market value and marked to market at least quarterly by the Authority.

## **ARTICLE V**

### **COVENANTS OF THE AUTHORITY**

**Section 5.1 Punctual Payment.** The Authority shall punctually pay or cause to be paid the principal and interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues, and other assets pledged for such payment as provided in this Indenture.

**Section 5.2 Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 5.3 Against Encumbrances.** The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues, and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

**Section 5.4 Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned under this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited, special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VI hereof and to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Revenues, the Local Obligations and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

**Section 5.5 Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries shall be made of transactions made by it relating to the proceeds of Bonds, the Revenues, the Local Obligations and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the Community Facilities Districts upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report in the Trustee's standard statement format setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under this Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request to the Trustee at the expense of such Owner at a cost not to exceed the Trustee's actual costs of duplication and mailing.

**Section 5.6 Conditions to Issuance of Additional Obligations.** Except as set forth in this Section 5.6, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of Revenues in whole or in part.

The Authority may issue Additional Bonds in such principal amount as shall be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority but only for the purpose of refunding all or a portion of the 2024 Bonds or any Additional Bonds. Such Additional Bonds may be issued subject to the following conditions precedent:

(a) The Authority shall be in compliance with all covenants set forth in this Indenture and all Supplemental Indentures.

(b) The Supplemental Indenture providing for the issuance of such Additional Bonds shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable.

(c) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that following the issuance of the Series of Additional Bonds, the principal and interest generated from the Local Obligations is adequate to make the timely payment of principal and interest due on all Outstanding Bonds and the Series of Additional Bonds to be issued hereunder.

(d) The Supplemental Indenture providing for the issuance of such Additional Bonds may provide for the establishment of separate funds and accounts.

(e) No Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) shall have occurred and be continuing with respect to the Bonds or any of the Local Obligations unless such Event of Default shall be cured upon the issuance of the Additional Bonds.

(f) The Authority shall deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c), (d) and (f) of this Section 5.6 above have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in this Section 5.6, no such issuance may occur if the Reserve Fund is not fully funded at the Reserve Requirement.

So long as any Bonds remain outstanding or any amounts are owed to the Bond Insurer by the Authority, without the prior written consent of the Bond Insurer, the Authority shall not issue any Additional Bonds that bears interest at other than fixed rates or permits or requires the Owner to tender such indebtedness for purchase prior to the stated maturity thereof.

**Section 5.7 Tax Covenants.** Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on any Bonds which are Tax-Exempt Obligations will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will not take or omit to take any action or make any use of the proceeds of the Bonds which are Tax-Exempt Obligations or of any other moneys or property which would cause such Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The Authority will make no use of the proceeds of the Bonds which are Tax-Exempt Obligations or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause such Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The Authority will make no use of the proceeds of the Bonds which are Tax-Exempt Obligations or take or omit to take any action that would cause such Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

(e) Miscellaneous. The Authority will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to Bonds which are Tax-Exempt Obligations and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Authority from issuing Bonds the interest on which has been determined by the Board to be subject to federal income taxation.

### **Section 5.8 Rebate Fund**

(a) Establishment. The Trustee shall establish a Rebate Fund, when needed, and shall maintain therein separate accounts (solely from amounts deposited by the Authority) designated the “Rebate Account” and the “Alternative Penalty Account.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds which are Tax-Exempt Obligations will not be adversely affected, the Authority shall cause to be deposited in each such account of the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 5.8 and the Tax Certificate unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income

for federal income tax purposes of interest on such Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding any other provision of this Indenture, the Trustee shall be deemed conclusively to have complied with this Section 5.8 and the Tax Certificate if it follows the directions set forth in any Request of the Authority or Certificate of the Authority and shall be fully protected in so doing. The Trustee shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Authority with the terms of this Section 5.8 or the Tax Certificate.

(b) Rebate Account. The following requirements shall be satisfied with respect to the Rebate Account:

(i) *Annual Computation*. Within 55 days of the end of each Bond Year, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148 1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section 5.8.

(ii) *Annual Transfer*. Within 55 days of the end of each applicable Bond Year, upon receipt of the Request of the Authority, an amount shall be deposited to the applicable Rebate Account by the Trustee from any Revenues specified by the Authority in the aforesaid Request of the Authority, if and to the extent required so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (b). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of a Rebate Account exceeds the amount required to be on deposit therein, upon receipt of a Request of the Authority, the Trustee shall withdraw the excess from the applicable Rebate Account and then credit the excess to the Revenue Fund.

(iii) *Payment to the Treasury*. The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Account,

(A) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage as set forth in a Certificate of the Authority delivered to the Trustee calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage as set forth in a Certificate of the Authority delivered to the Trustee calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, as set forth in a Certificate of the Authority delivered to the Trustee computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from a Rebate Account, the amount in such Rebate Account is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with

the Trustee an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (which form shall be completed and provided by the Authority to the Trustee), or shall be made in such other manner as provided under the Code, in each case as specified in a Request of the Authority delivered to the Trustee.

(c) Alternative Penalty Account.

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

(ii) *Six Month Transfer.* Within 85 days of the close of each Six Month Period, upon receipt of the Request of the Authority, the Trustee shall deposit in the Alternative Penalty Account from any source of funds (specified by the Authority in the aforesaid Request), if and to the extent required, so that the balance in the Alternative Penalty Account for a Series equals the amount of 1½% Penalty (as specified in such Request) due and payable to the United States Treasury determined by the Authority as provided in subsection (c)(i) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by subsection (c)(iii) below, the Trustee, pursuant to a Certificate of the Authority, may withdraw the excess from the Alternative Penalty Account and credit the excess to the Revenue Fund.

(iii) *Payment to the Treasury.* The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Alternative Penalty Account, not later than 90 days after the close of each Six Month Period the 1½% Penalty (as specified by the Authority in the aforesaid Request), if applicable and payable, computed by the Authority in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Account, the amount in such account is not sufficient to make such payment when such payment is due, the Authority shall calculate the amount of such deficiency and deposit with the Trustee an amount received from any legally available source of funds equal to such deficiency for transfer into the Alternative Penalty Account prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (c)(iii) shall be made to the Internal Revenue Service, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (which form shall be completed and provided by the Authority to the Trustee) or shall be made in such other manner as provided under the Code.

(d) Disposition of Unexpended Funds. Any funds remaining in the accounts of the Rebate Fund after redemption and payment of the Bonds and the payments of all amounts described in Subsection (b)(iii) or (c)(iii) (whichever is applicable) or provision made therefor satisfactory to the Trustee, including accrued interest and payment of all applicable fees to the Trustee, may, upon written request, be withdrawn by the Trustee and remitted to the Authority and utilized in any manner by the Authority.

(e) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds.

(f) Trustee. The Trustee shall have no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to this Section and shall be deemed conclusively to have complied with its obligations hereunder if it follows the written instructions of the Authority given pursuant to this Section.

**Section 5.9 Local Obligations.** Subject to the provisions of this Indenture (including Article VI), the Authority and the Trustee shall use reasonable efforts to collect all amounts due from the Community Facilities Districts pursuant to the Local Obligations and shall enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City and the Community Facilities Districts thereunder. The Authority shall instruct the Community Facilities Districts to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and a Community Facilities District may at any time consent to, amend or modify any of the Local Obligations of such Community Facilities District pursuant to the terms thereof, (a) with the prior consent of the Bond Insurer and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Owners or the Bond Insurer if such amendment or modification is for any one or more of the following purposes; provided, however, that any such amendment or modification which adversely affects the rights and interests of the Bond Insurer shall require the prior written consent of the Bond Insurer:

(a) to add to the covenants and agreements of the Community Facilities Districts contained in such Local Obligations, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Community Facilities Districts; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations, or in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds in the opinion of Bond Counsel filed with the Trustee; or

(c) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any Bonds under the Code theretofore issued on a tax-exempt basis, in the opinion of Bond Counsel filed with the Trustee; or

(d) to provide for the issuance of an additional Series of Local Obligations subject to and in accordance with the provisions of the applicable Local Obligation Bond Indenture.

**Section 5.10 Sale of Local Obligations.** Notwithstanding anything in this Indenture to the contrary, though subject to the prior consent of the Bond Insurer, the Authority may cause the Trustee to sell, from time to time, all or a portion of a Series of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations and the Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any Defeasance Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds and accounts established hereunder (valuing any Permitted Investments held hereunder at the then fair market value thereof), will be sufficient to pay the principal of and interest on the Bonds when due;

(b) if any Bonds are then rated by Standard & Poor's a notification from Standard & Poor's to the effect that such rating will not be withdrawn or reduced as a result of such sale of Local Obligations; and

(c) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of this Indenture and will not adversely affect the exclusion of interest on any Bonds theretofore issued on a tax-exempt basis from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee shall sell such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund.

**Section 5.11 Continuing Disclosure Agreement.** The Authority hereby covenants and agrees that it will comply with and carry out all of its obligations under the Continuing Disclosure Agreement to be executed and delivered by the Authority in connection with the issuance of the Bonds. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section 5.11. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories and other intermediaries).

**Section 5.12 Books and Records.** The Authority shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the Local Obligations and all funds and accounts established pursuant to the Indenture (other than those records and accounts kept by the Trustee). Such books of record and account shall be available for inspection by the Trustee, the Independent Financial Consultant and the Community Facilities Districts, during regular business hours and upon twenty-four (24) hours, notice and under reasonable circumstances as agreed to by the Authority.

**Section 5.13 Further Assurances.** The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

**Section 5.14 Pledged Revenues.** The Authority represents it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues that

ranks on a parity with or prior to the pledge granted under this Indenture. The Authority shall not hereafter make any pledge or assignment of, lien on, or security interest in the Revenues payable senior to or on a parity with the pledge of Revenues established under this Indenture.

## ARTICLE VI

### THE TRUSTEE

**Section 6.1 Appointment of Trustee.** Wilmington Trust, National Association, with a corporate trust office presently located in Costa Mesa, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee which is a trust company, association or bank of good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, with a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or state authority, or otherwise approved by the Bond Insurer in writing, so long as any Bonds are Outstanding. If such bank, association 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 purpose of this Section 6.1, the combined capital and surplus shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, to make regularly scheduled interest payments, and to cancel any Bond upon payment thereof.

**Section 6.2 Acceptance of Trusts.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, but shall not be responsible for the acts of any agents, attorneys or receivers appointed by it unless such appointment was the result of negligence or willful misconduct. The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty hereunder and may conclusively rely upon and shall be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in accordance herewith.



(c) The Trustee shall not be responsible for any recital herein, or in the Tax Certificate or the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the validity, effectiveness or the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder or under Tax Certificate. The Trustee shall have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in Section 3.2 hereof, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be entitled to request and receive written instructions from the Authority and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction thereof. The Trustee shall be protected and shall incur no liability in acting, or refraining from acting, without negligence, in reliance upon any notice, request, direction, consent, certificate, opinion, order, affidavit, letter, telegram, facsimile, bond, debenture, note, other evidence of indebtedness (including any Bond) or other paper or document believed by it to be genuine and correct and to have been signed, sent or presented by the proper person or persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken or omitted to be taken by the Trustee without negligence pursuant to this Indenture upon the written request or direction, authority or consent of any person who at the time of making such request or direction or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at such person's request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority and/or opinion of counsel as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.2(h) hereof, shall also be at liberty to accept a Certificate of the Authority and/or opinion of counsel to the effect that any particular dealing, transaction or action is necessary or expedient, and shall be fully protected in relying thereon, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and notwithstanding any other provision of this Indenture, the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty five percent (25%) in aggregate principal amount of the Outstanding Bonds and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in Section 9.12 hereof, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the performance of its duties hereunder.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable by the Trustee in its sole discretion for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action referred to in Sections 6.5, 8.2, or this Article, the Trustee may require that security or indemnity satisfactory to it in its sole and exclusive discretion be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds.

(n) Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VI.

(o) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of 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, war, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents, labor disputes, the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, 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 supplies or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) The Trustee agrees to accept and act upon facsimile or electronic transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (b) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person. Any such instructions, directions and other communications furnished by electronic transmission shall be in the form of attachments in PDF format.

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

**Section 6.3 Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered hereunder and all advances (including any interest on advances), counsel fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default with respect to a Series, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held in Funds and accounts for such Series hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of such fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of this Indenture, and the resignation or removal of the Trustee.

**Section 6.4 Notice to Bond Owners of Default.** If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given, or is deemed to have notice, as provided in Section 6.2(h) hereof, then the Trustee shall promptly give written notice thereof to the Owner of each such Bond unless such Event of Default shall have been cured before the giving of such notice.

**Section 6.5 Intervention by Trustee.** In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.2(l) hereof, shall do so if requested in writing by the Owners of at least twenty five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

**Section 6.6 Removal of Trustee.** With the consent of the Bond Insurer, the Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 calendar days' prior written notice to the Trustee and the Bond Insurer, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Bond Insurer. Upon any such

removal, the Authority shall appoint a successor or successors thereto; provided that any such successor shall be a bank, association or trust company meeting the requirements set forth in Section 6.1 hereof.

**Section 6.7 Resignation by Trustee.** The Trustee and any successor Trustee may at any time resign and be discharged from its duties and obligations hereunder by giving prior written notice of its intention to resign to the Authority, the Community Facilities Districts, the Bond Insurer and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee to which the Bond Insurer consents. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be sent to the Bond Insurer and the Bond Owners at their respective addresses set forth on the Bond Register.

**Section 6.8 Appointment of Successor Trustee.** In the event of the removal or resignation of the Trustee pursuant to Sections 6.6 or 6.7, respectively, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) calendar days following the delivery to the Trustee of the instrument described in Section 6.6 or within thirty (30) calendar days following the receipt of notice by the Authority, the Community Facilities Districts, the Bond Insurer and the City pursuant to Section 6.7, the Trustee may, at the expense of the Authority, petition any court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.1 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such thirty (30) calendar day period.

**Section 6.9 Merger or Consolidation.** Any company into which the Trustee 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 Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.1 hereof, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. The Trustee may assign its rights, duties and obligations hereunder in whole or in part, to an affiliate or subsidiary thereof, provided such Corporation, affiliate or subsidiary shall meet the requirements set forth in Section 6.1 hereof.

**Section 6.10 Concerning any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested

or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

**Section 6.11 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee or the Authority appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of the Trustee or separate or co-Trustee.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee or the Authority for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 6.12 Indemnification; Limited Liability of Trustee.** The Authority further covenants and agrees to indemnify and save the Trustee and its officers, officials, directors, agents and employees, harmless from and against any damages, loss, cost, claims, expense (including legal fees and expenses of its attorneys), and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. In no event shall the Trustee be responsible or liable for any consequential, punitive, indirect, incidental, or special damages or loss of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder unless security or indemnity satisfactory to it in its sole and absolute discretion against such liability or risk is provided to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of the Indenture) of the Owners of the principal amount of Bonds Outstanding or the Bond Insurer relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this

Indenture. The Trustee shall not be liable for any errors of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent or engaged in willful misconduct in ascertaining the pertinent facts. The rights of the Trustee and the obligations of the Authority under this Section 6.12 shall survive termination of this Indenture, discharge of the Bonds and resignation or removal of the Trustee.

## ARTICLE VII

### MODIFICATION AND AMENDMENT OF THE INDENTURE

**Section 7.1 Amendment Hereof.** This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and the prior written consent of the Bond Insurer are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums, if any, at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes; provided, however, that any such amendment or modification which adversely affects the rights and interests of the Bond Insurer shall require the prior written consent of the Bond Insurer:

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision hereof relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds theretofore issued on a tax-exempt basis, including, but not limited to, amending the procedures set forth in Section 5.8 hereof with respect to the calculation of Rebatable Arbitrage; or

(d) to amend or clarify any provision hereof to provide for the issuance of any Additional Bonds on a parity with the Bonds for all purposes of this Indenture, including, but not limited to, for the purpose of exercising all rights and remedies hereunder; or

(e) to amend the provisions of Section 4.4 hereof; or

(f) to provide for the issuance of Additional Bonds in accordance with the provisions of Section 5.6 hereof.

The Trustee shall be furnished, at the expense of the Authority, an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion and shall be fully protected in relying thereon.

**Section 7.2 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of this Indenture for any and all purposes.

**Section 7.3 Endorsement or Replacement of Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the Authority may determine that any affected Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of its Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

**Section 7.4 Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Bond Owner, with the Bond Insurer's consent, from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

**Section 8.1 Events of Default.** The following events shall be Events of Default hereunder.

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the

Authority and the Trustee by the Owners of not less than twenty five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding, provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 30 day period) shall not constitute an Event of Default hereunder if the Authority shall with the written approval of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

**Section 8.2 Remedies; Rights of Bond Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture. Subject to Section 8.3, in the event of an Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses, provided, however, that such recovery may be made only from the funds of the Authority and not from Revenues.

If an Event of Default shall have occurred and be continuing and if requested to do so by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in Section 6.2(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII and, as applicable, under the Local Obligations, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

In no event shall the principal of the Bonds be accelerated.

**Section 8.3 Application of Revenues and Other Funds After Event of Default.** All amounts received by the Trustee with respect to the Bonds pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –



First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

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

- (a) first to the payment of all installments of interest on the Bonds then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid, and
- (c) third, to the payment of interest on overdue installments of principal and interest on Bonds.

**Section 8.4 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it may, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

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

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

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

**Section 8.7 Rights and Remedies of Bond Owners.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

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

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

## ARTICLE IX

### MISCELLANEOUS

**Section 9.1 Limited Liability of Authority.** Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues or for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

**Section 9.2 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Bond Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners of Bonds.

**Section 9.3 Discharge of Indenture.** The Authority may pay and discharge any or all 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 premium (if any) on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, 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.

Any Outstanding Bond or Bonds shall be deemed to have been paid and discharged under (b) or (c) above if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such

redemption shall have been provided pursuant to Section 2.2(d) hereof or provision satisfactory to the Trustee shall have been made for the provision of such notice, (ii) the Authority shall have delivered an escrow agreement with respect to the deposits under (b) or (c) above (which shall be acceptable in form and substance to the Bond Insurer, so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy); (iii) with respect to a deposit under (c) above, a verification report of an Independent Accountant shall be delivered to the Trustee and the Bond Insurer, and (iv) an opinion of Bond Counsel shall be delivered to the Trustee and the Bond Insurer to the effect that the requirements of this Indenture have been satisfied with respect to such discharge of Bonds. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues, and other funds provided for in this Indenture with respect to such Bonds, as applicable, and all other pecuniary obligations of the Authority under this Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in Sections 5.7 and 6.12 hereof, and to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the City or the Community Facilities Districts, as applicable.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of cash and/or Defeasance Securities. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as scheduled on the Bonds to and including the date of redemption.

This Indenture shall not be discharged until all amounts due or to become due to the Bond Insurer shall have been paid in full in accordance with Section 10.3. The Authority's obligation to pay such amounts shall expressly survive payment in full of the payments of principal of and interest on the Bonds.

**Section 9.4 Successor is Deemed Included in All References to Predecessor.** Whenever in this Indenture or any Supplemental Indenture either the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

**Section 9.5 Content of Certificates.** Every certificate by or on behalf of the Authority with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such

officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**Section 9.6 Execution of Documents by Bond Owners.** Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 9.6.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgements of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be conclusively proved by the Bond Register. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligation as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**Section 9.7 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority, the City or the Community Facilities Districts (but excluding Bonds held in any employees' or retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request, the Authority shall specify to the Trustee those Bonds disqualified pursuant to this Section 9.7 and the Trustee may conclusively rely upon such certificate.

**Section 9.8 Waiver of Personal Liability.** No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 9.9 Entire Agreement; Partial Invalidity.** This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 9.10 Destruction of Cancelled Bonds.** Whenever in this Indenture provision is made for the surrender to the Authority or the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds in accordance with the retention policy of the Trustee then in effect.

**Section 9.11 Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

**Section 9.12 Notices.** Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, or sent by fax or other electronic transmission, addressed as follows:

If to the Authority: Chula Vista Municipal Financing Authority  
c/o City of Chula Vista  
276 Fourth Avenue  
Chula Vista, CA 91910  
Attention: Executive Director

If to the Community  
Facilities Districts  
(as applicable): [Name of Community Facilities District]  
c/o City of Chula Vista  
276 Fourth Avenue  
Chula Vista, CA 91910  
Attention: City Manager

If to the Trustee: Wilmington Trust, National Association  
650 Town Center Drive, Suite 800,  
Costa Mesa, CA 92626  
Attention: Corporate Trust Department  
Fax No.: (714) 384-4151

If to the Bond Insurer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Re: Policy No. \_\_\_\_\_  
\_\_\_\_\_

The Authority, the City, the Trustee and the Bond Insurer may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any such notice, certificates or other communications furnished by electronic transmission shall be in the form of attachments in PDF format.

In each case in which notice or other communication to the Bond Insurer refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel, and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

**Section 9.13 Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee shall, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

**Section 9.14 Payment Due on Other than a Business Day.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such payment, with no interest accruing for the period after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 9.15 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

## ARTICLE X

### MUNICIPAL BOND INSURANCE POLICY AND RESERVE SURETY BOND

**Section 10.1 Rights of the Bond Insurer.** As long as the Insurance Policy is in full force and effect, the Authority and the Trustee agree to comply with the following provisions, notwithstanding anything in this Indenture to the contrary.

(a) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any other Reserve Credit Facility, other than the Reserve Surety Bond, provided in lieu of a cash deposit into the Reserve Fund. Amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on Outstanding Bonds, and the Trustee shall draw on the Reserve Accounts of the Reserve Fund to pay debt service and exhaust amounts on deposit or otherwise available therein prior to making any claim on the Insurance Policy.

(b) The Bond Insurer shall be deemed to be the sole holder of the 2024 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2024 Bonds are entitled to take pursuant to this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Indenture and each 2024 Bond, the Trustee (solely with respect to the 2024 Bonds) and each Owner of a 2024 Bond appoint the Bond Insurer as their agent and attorney-in-fact and agree that the Bond Insurer may at any time during the continuation of any proceeding by or against the Authority or any Community Facilities District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the 2024 Bonds) and each Owner of a 2024 Bond delegate and assign to the Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a 2024 Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of 2024 Bonds shall expressly include mandamus.

(c) Upon the occurrence of an optional redemption of 2024 Bonds in part, the selection of such 2024 Bonds to be redeemed shall be subject to the approval of the Bond Insurer; provided, however, that with respect to an optional redemption of 2024 Bonds in part resulting from the redemption of all outstanding maturities of a series of Local Obligations, such approval of the Bond Insurer shall not be required. The exercise of any provision of this Indenture which permits the purchase of 2024 Bonds in lieu of redemption shall require the prior written approval of the Bond Insurer if any 2024 Bond so purchased is not cancelled upon purchase.

(d) The rights granted to the Bond Insurer under this Indenture or under the Local Obligation Bond Indentures to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2024 Bonds and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the



Owners of the 2024 Bonds or any other person is required in addition to the consent of the Bond Insurer.

(e) Each of the Authority and the Trustee, to the extent directed by the Authority, at the expense of the Authority, covenants and agrees to take such action (including filing UCC continuation statements) as is necessary from time to time to preserve the priority of the pledge of the Revenues under applicable law.

(f) The Bond Insurer is hereby deemed a third party beneficiary to this Indenture.

## **Section 10.2 Payments under the Insurance Policy.**

(a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on the 2024 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2024 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Bond Insurer and the Bond Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2024 Bonds and the amount required to pay principal of the 2024 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on 2024 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2024 Bonds registered to the then current Owners of the 2024 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2024 Bond to the Bond Insurer, registered in the name of \_\_\_\_\_, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement 2024 Bond shall have no effect on the amount of principal or interest payable by the Authority on any 2024 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2024 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the 2024 Bonds referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners of the 2024 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the 2024 Bonds in the same manner as

principal and interest payments are to be made with respect to the 2024 Bonds under the sections hereof regarding payment of 2024 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). For purposes of this Section 10.2, “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2024 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Revenues and payable from such Revenues on a parity with debt service due on Outstanding Bonds.

(e) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Interest Payment Date shall promptly be remitted to the Bond Insurer.

(f) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the 2024 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Bond Insurer under this Indenture, the 2024 Bonds, the Local Obligations and the Local Obligation Bond Indentures (collectively, the “Transaction Documents”) shall survive discharge or termination of such Transaction Documents.

(g) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority only after the payment of past due and current debt service on the 2024 Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement.

(h) The Bond Insurer shall be entitled to pay principal or interest on the 2024 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) whether or not the Bond Insurer has received a notice of Nonpayment or a claim upon the Insurance Policy.

**Section 10.3 Amounts Paid by Insurer.** Amounts paid by the Bond Insurer under the Insurance Policy and the Reserve Surety Bond shall not be deemed paid for purposes of this Indenture and the 2024 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with this Indenture. This Indenture shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

**Section 10.4 Reimbursement of Insurer Fees.** The Authority shall pay or reimburse the Bond Insurer from Revenues any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Transaction Document; (ii) the pursuit of any remedies under this Indenture or any other Transaction Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Indenture or any other Transaction Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Indenture or any other Transaction Document or the transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Indenture or any other Transaction Document.

**Section 10.5 Provision of Information to Insurer.** The Bond Insurer shall be provided with the following information by the Authority or the Trustee, as the case may be:

(a) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(b) Notice of any default known to the Trustee or the Authority within five Business Days after knowledge thereof;

(c) Prior notice of the redemption of any of the Bonds or the Local Obligations, including the principal amount, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any Insolvency Proceeding by or against the Authority or a Community Facilities District;

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(g) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Transaction Documents;

(h) All reports, notices and correspondence to be delivered to Bond Owners under the terms of the Transaction Documents; and

(i) All information furnished to Bond Owners pursuant to the Continuing Disclosure Agreement shall also be provided to the Bond Insurer, simultaneously with the furnishing of such information.

In addition, the Bond Insurer shall have the right to receive such additional information as it may reasonably request.

**Section 10.6 Discussion of and Access to Information.** The Authority shall permit the Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the Authority on any Business Day upon reasonable prior notice.

**Section 10.7 Notice to Insurer by Trustee.** The Trustee shall notify the Bond Insurer of any failure of the Authority or the Community Facilities Districts to provide notices, certificates and other information under the Transaction Documents of which a Responsible Officer of the Trustee has actual knowledge.

**Section 10.8 Effect of Insurance Policy.** In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the Bonds or the rights of the Owners of the Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

**Section 10.9 Impairment of Insurer's Rights.** No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*

IN WITNESS WHEREOF, the Authority has caused this Indenture to be executed by the Executive Director of the Authority, attested by its Secretary, and the Trustee has caused this Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

CHULA VISTA MUNICIPAL FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee

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

**EXHIBIT A**

**FORM OF SERIES 2024 BOND**

R-\_\_

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

**UNLESS THIS 2024 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE AUTHORITY OR THE TRUSTEE FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY 2024 BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO**

**CHULA VISTA MUNICIPAL FINANCING AUTHORITY  
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2024**

*INTEREST RATE:* \_\_\_\_\_%      *MATURITY DATE:* September 1, 20\_\_      *DATED DATE:* \_\_\_\_\_ 1, 2024      *CUSIP NUMBER:* \_\_\_\_\_

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

The CHULA VISTA MUNICIPAL FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other funds hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this 2024 Bond (unless this 2024 Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or unless this 2024 Bond is authenticated on or prior to August 15, 2024, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this 2024 Bond, interest is in default on this 2024 Bond, this

2024 Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on September 1 and March 1 in each year, commencing September 1, 2024 (each, an “Interest Payment Date”) until the Maturity Date stated above or date of redemption of this 2024 Bond. The Principal Amount hereof is payable upon presentation and surrender hereof at the Trust Office (as defined in the Indenture) of Wilmington Trust, National Association (the “Trustee”). Interest hereon is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books of the Trustee as of the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs; provided, however, that payment of interest may be made by wire transfer to an account in the United States of America to any registered owner of 2024 Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date.

This 2024 Bond is one of a duly authorized issue of bonds of the Authority designated the “Chula Vista Municipal Financing Authority Local Agency Revenue Refunding Bonds, Series 2024” (the “2024 Bonds”), limited in principal amount to \_\_\_\_\_ Dollars (\$\_\_\_\_\_), secured by an Indenture of Trust dated as of March 1, 2024 (the “Indenture”), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all supplemental indentures thereto for a description of the rights thereunder of the owners of the 2024 Bonds, of the nature and extent of the Revenues, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees. Capitalized terms not defined herein shall have the meanings set forth in the Indenture.

This 2024 Bond is a limited obligation of the Authority, payable solely from the Revenues and funds pledged under the Indenture. This 2024 Bond is not a debt of the City of Chula Vista (the “City”) or the State of California (the “State”) or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of said City, the State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

The 2024 Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”). The 2024 Bonds are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien on and pledge of the Revenues and certain other funds held by the Trustee as provided in the Indenture. The Revenues and such other funds constitute a trust fund for the security and payment of the principal of and interest on the 2024 Bonds, except to the extent otherwise provided in the Indenture. The full faith and credit of the Authority is not pledged to the payment of the principal of or interest or redemption premiums (if any) on the 2024 Bonds. The 2024 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other funds as provided in the Indenture.

The 2024 Bonds have been issued to provide funds to refund certain outstanding indebtedness of the Community Facilities Districts and the Authority, all as more particularly described in the Indenture. The obligations of the Community Facilities Districts to make payments of principal and interest on the Local Obligations are limited obligations secured only as set forth therein.

The 2024 Bonds are not subject to optional redemption prior to maturity.

The 2024 Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of the Local Obligations from prepayments of Special Taxes (as such terms are defined in the Indenture), in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

| <i>Redemption Dates</i>  | <i>Redemption Prices</i> |
|--|--------------------------|
| Any Interest Payment Date from September 1, 20__ 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                      |

Notice of redemption with respect to the 2024 Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books in accordance with the provisions of the Indenture provided, however, so long as the 2024 Bonds are registered in the name of the Nominee, notice of redemption shall be given in such manner as complies with the requirements of DTC. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All 2024 Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such 2024 Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the 2024 Bonds.

If this 2024 Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The 2024 Bonds are issuable as fully registered 2024 Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered 2024 Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of fully registered 2024 Bonds of other authorized denominations.

This 2024 Bond is transferable by the Registered Owner hereof, in person or by its attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this 2024 Bond. Upon such transfer a new fully registered 2024 Bond or 2024 Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee shall not be required to register the transfer or exchange of any 2024 Bond (i) during the 15 days prior to selection of 2024 Bonds for redemption, or (ii) selected for redemption.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the 2024 Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner,



to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any 2024 Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any 2024 Bond without the express written consent of the owner of such 2024 Bond, (b) reduce the percentage of 2024 Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

It is hereby certified by the Authority that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this 2024 Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act, and that the amount of this 2024 Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This 2024 Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the CHULA VISTA MUNICIPAL FINANCING AUTHORITY has caused this 2024 Bond to be executed in its name and on its behalf by the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the date set forth above.

CHULA VISTA MUNICIPAL FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

Attest:

\_\_\_\_\_  
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the 2024 Bonds described in the within-mentioned Indenture.

Date: \_\_\_\_\_, 2024

WILMINGTON TRUST, NATIONAL  
ASSOCIATION, as Trustee

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

[FORM OF LEGAL OPINION]

The attached is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, in connection with the issuance of, and dated as of the date of the original delivery of, the 2024 Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
Secretary of the Board of Directors of Chula  
Vista Municipal Financing Authority

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto  
\_\_\_\_\_  
whose tax identification number is \_\_\_\_\_,  
the within mentioned registered 2024 Bond and hereby irrevocably constitute(s) and appoint(s)  
\_\_\_\_\_  
attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

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

Signature guaranteed:

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

\_\_\_\_\_  
NOTE: The signatures(s) on this Assignment  
must correspond with the name(s) as written  
on the face of the within 2024 Bond in every  
particular without alteration or enlargement or  
any change whatsoever

[FORM OF STATEMENT OF INSURANCE]

\_\_\_\_\_ has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on the 2024 Bonds to Wilmington Trust, National Association, or its successors, as trustee for the 2024 Bonds (the “Trustee”). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from \_\_\_\_\_ or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owners of the 2024 Bonds acknowledge and consent to the subrogation rights of \_\_\_\_\_ as more fully set forth in the Policy.