
FISCAL AGENT AGREEMENT

by and between the

CITY OF FULLERTON

and

**U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent**

Dated as of November 1, 2021

Relating to:

**\$ _____
City of Fullerton
Community Facilities District No. 1
(Amerige Heights)
2021 Special Tax Refunding Bonds**

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EXHIBIT A:	FORM OF 2021 BOND
EXHIBIT B:	OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM COSTS OF ISSUANCE FUND
EXHIBIT C:	OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM ADMINISTRATIVE EXPENSE FUND
EXHIBIT D	FORM OF PURCHASER LETTER

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is made, entered into and dated as of November 1, 2021, by and between the CITY OF FULLERTON, a general law city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for and on behalf of the City of Fullerton Community Facilities District No. 1 (Amerige Heights) (the "CFD"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America with a corporate trust office located in Los Angeles, California, as fiscal agent (the "Fiscal Agent").

WITNESSETH:

WHEREAS, the City has formed the CFD under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (section 53311 *et seq.* of the California Government Code) (the "Act"); and

WHEREAS, the City Council of the City (the "City Council"), acting as the legislative body of the CFD, is authorized under the Act to levy special taxes to pay for the costs of facilities within the CFD and to authorize the issuance of bonds secured by those special taxes under the Act.

WHEREAS, under the Act, in 2002 the City, on behalf of the CFD, issued its special tax bonds captioned "City of Fullerton Community Facilities District No. 1 (Amerige Heights) Special Tax Bonds, Series 2002" (the "2002 Bonds") in the initial principal amount of \$21,375,000, and in 2012, in order to refund the 2002 Bonds in full, the City, on behalf of the CFD, issued its special tax refunding bonds captioned "City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2012 Special Tax Refunding Bonds" in the aggregate original principal amount of \$19,040,000 (the "Prior Bonds") under a Fiscal Agent Agreement dated as of October 1, 2012 (the "2012 Fiscal Agent Agreement"), between the City and the Fiscal Agent.

WHEREAS, the City wishes to refinance the outstanding principal amount of the Prior Bonds and proposes to issue its City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2021 Special Tax Refunding Bonds (the "Bonds").

WHEREAS, on _____, 2021, the City Council adopted a resolution (the "Resolution of Issuance") authorizing the issuance of the Bonds on behalf of the CFD.

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

WHEREAS, the City has determined that all things necessary to cause the Bonds, when authenticated by the Fiscal Agent and issued as provided in the Act, the Resolution of Issuance and this Agreement, to be legal, valid, binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

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

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the Act (as herein defined) and the Resolution of Issuance.

Section 1.02. Agreement for Benefit of the Owner . The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owner of the Bonds.

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

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

"Administrative Expenses" means costs directly related to the administration of the CFD consisting of: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the Fiscal Agent; actual costs of the Fiscal Agent (including its legal counsel) in the discharge of its duties under this Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the Act and this Agreement, including those related to public inquiries regarding the Special Tax and periodic disclosures to Owner of the Bonds; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes that are subject to reimbursement from other sources, including proceeds of foreclosure.

"Administrative Expense Deposit" means, for Fiscal Year 2021-22, \$25,000, and thereafter shall escalate by 2% each Fiscal Year.

"Administrative Expense Fund" means the fund established and administered under Section 4.06.

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

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

“Auditor” means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

“Authorized Denomination” means (a) as of the Closing Date, the original principal amount of the Bonds, and (b) as of any subsequent date, the Outstanding principal amount of the Bonds.

“Authorized Officer” means the Mayor, City Manager, Director of Administrative Services, or any other officer or employee authorized by the City Council or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

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

“Bond” or “Bonds” means the City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2021 Special Tax Refunding Bonds, authorized to be issued hereunder in the principal amount of \$_____. For all purposes of this Agreement, all references to “Bonds” shall mean the single fully registered Bond issued under Section 2.02(A).

“Bond Fund” means the fund established and administered under Section 4.04.

“Bond Register” has the meaning set forth in Section 2.07.

“Bond Year” means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2022.

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

“CDIAC” means the California Debt and Investment Advisory Commission of the Office of the State Treasurer, or any successor agency, board or commission.

“CFD” means the “City of Fullerton Community Facilities District No. 1” formed under the Resolution of Formation.

“City” means the City of Fullerton.

“City Attorney” means any attorney or firm of attorneys employed by the City in the capacity of City attorney.

“City Council” means the City Council of the City, as its legislative body and as legislative body of the CFD.

"Closing Date" means _____, 2021, the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, delivery and issuance of the Bonds, which shall include, without limitation: printing costs; costs of reproducing and binding documents; charges for execution, authentication, transportation and safekeeping of the Bonds; closing costs; filing and recording fees; fees and expenses of bond counsel, the City Attorney, and any other counsel engaged by the City in connection with the issuance of the Bonds; fees and expenses of any special tax consultant, district administrator, municipal advisor, placement agent, market or absorption consultant, appraiser, or any other consultant engaged by the City in connection with the issuance of the Bonds; fees and expenses of the Escrow Agent (including its legal fees and charges); initial fees and charges of the Fiscal Agent, including its first annual administration fees and its legal fees and charges (including the allocated costs of in-house attorneys); fees of rating agencies; and any other expenses incurred by the City in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund established and administered under Section 4.02.

"County" means the County of Orange, California.

"Date of Taxability" means the date from and after which the interest on the Bond is subject to federal income taxation as a result of a Determination of Taxability.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds under Sections 2.02 and 2.03 during the period of computation, in each case excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Determination of Taxability" means any determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that, after conversion from the Taxable Rate to the Tax-Exempt Rate, as a result of any actions or omissions of the City with respect to this Fiscal Agent Agreement (including as a result of the City's election to convert from the Taxable Rate to the Tax-Exempt Rate), the interest on the Bond is includable in the gross income for federal income tax purposes of the Owner; provided, however, that no such Determination of Taxability shall be deemed to have occurred if the City is contesting such determination in good faith and is diligently proceeding to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the City.

"Director of Administrative Services" means the official of the City, or such official's designee, who acts in the capacity as the chief financial officer of the City.

"Escrow Agent" means U.S. Bank National Association.

"Escrow Agreement" means the Escrow Deposit and Trust Agreement dated as of November 1, 2021, between the City and the Escrow Agent.

“Escrow Fund” means the fund established and administered under the Escrow Agreement.

“Fair Market Value” means with respect to the Bonds the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest if the return paid by such fund is without regard to the source of the investment.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Agent” means U.S. Bank National Association, the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

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

“Independent Financial Consultant” means any consultant or firm of consultants appointed by the City and who, or each of whom: (i) is judged by the Director of Administrative Services to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the CFD, or any real property in the CFD; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Institutional Accredited Investor” means an “accredited investor” as defined in subsections (a)(1), (2), (3) and (7) of Securities and Exchange Commission Rule 501 promulgated under the Securities Act of 1933, as amended.

“Interest Payment Date” means each March 1 and September 1 of every calendar year, commencing with March 1, 2022.

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

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

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

“Ordinance” means any ordinance or resolution of the City Council levying the Special Taxes, including without limitation Ordinance No. 2993 adopted by the City Council on February 19, 2002.

“Original Purchaser” means Sterling National Bank, its successor by merger, and its successors and assigns.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City under this Agreement or any Supplemental Agreement.

“Owner” or “Owners” means any person who is the registered owner of the Bond. For all purposes of this Agreement, all references to “Owners” shall mean the registered Owner of any single Bond issued hereunder.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) any of the following direct or indirect obligations of the following agencies of the United States of America:

(i) direct obligations of the Export-Import Bank;

(ii) certificates of beneficial ownership issued by the Farmers Home Administration;

(iii) participation certificates issued by the General Services Administration;

(iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration;

(v) project notes issued by the United States Department of Housing and Urban Development; and

(vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency, or (ii) such demand or time deposits shall be insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank, including its parent (if any), affiliates and subsidiaries, whose short-term obligations are rated in the highest short-term rating category by any Rating Agency, or whose long-term obligations are rated A or better by any Rating Agency, which mature not more than 270 days following the date of investment therein;

(f) obligations the interest on which is excludable from gross income pursuant to section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency, or (b) fully secured as to the payment of principal and interest by Federal Securities;

(g) money market funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services) which invest in Federal Securities or which are rated in the highest short-term rating category by any Rating Agency;

(h) any investment agreement representing general unsecured obligations of a financial institution rated A or better by any Rating Agency, by the terms of which the Fiscal Agent is permitted to withdraw all amounts invested therein in the event any such rating falls below A;

(i) the Local Agency Investment Fund established pursuant to section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of this Fiscal Agent Agreement; and

(j) the California Asset Management Program.

"Principal Office" means such corporate trust office of the Fiscal Agent as may be designated from time to time by written notice from the Fiscal Agent to the City, initially being at the address set forth in Section 9.06, or such other office designated by the Fiscal Agent from time to time; except that with respect to presentation of Bonds for registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business is conducted.

"Prior Bonds" means the bonds of the City captioned "\$19,040,000 City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2012 Special Tax Refunding Bonds."

"Prior Bonds Fiscal Agent" means U.S. Bank National Association.

"Prior Bonds Fiscal Agent Agreement" means that Fiscal Agent Agreement, dated as of dated as of October 1, 2012, between the City and the Prior Bonds Fiscal Agent.

"Qualified Institutional Buyer" means a qualified institutional buyer as defined in Rule 144A promulgated pursuant to the United States Securities Act of 1933, as amended.

"Rate and Method" means the "Rate and Method of Apportionment for City of Fullerton Community Facilities District No. 1 (Amerige Heights)" approved by the qualified electors within the CFD on February 5, 2002,

"Rating Agency" means S&P and Moody's.

"Record Date" means the 15th day of the month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

"Refunding Bonds" means bonds issued by the City for the CFD, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the net interest cost to maturity of the Refunding Bonds is less than the net interest cost to maturity of the Bonds being refunded and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Regulations" means temporary and permanent regulations promulgated under the Tax Code.

"Reserve Fund" means the fund established and administered under Section 4.03.

"Reserve Requirement" means, as of the date of any calculation, an amount equal to 10% of Maximum Annual Debt Service on the Outstanding Bonds.

"Resolution of Formation" means Resolution No. 9311 adopted by the City Council on February 5, 2002, forming the CFD.

"Resolution of Intention" means Resolution No. 9295, adopted by the City Council on December 4, 2001, indicating the intention of the City to form the CFD.

"Resolution of Issuance" means Resolution No. _____ adopted by the City Council on _____, 2021, authorizing the issuance of the Bonds.

"S&P" means Standard & Poor's Ratings Service, a division of McGraw-Hill, and its successors and assigns.

"Servicer" has the meaning given to it in Section 5.15.

"Special Tax Fund" means the fund established and administered under Section 4.05.

“Special Tax Prepayments” means the proceeds of any Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name established within the Bond Fund by Section 4.04(A) hereof.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

“Special Taxes” means the special taxes levied within the CFD under the Act, the Ordinance and this Agreement.

“State” means the State of California.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Tax-Exempt Conversion Date” means September 1, 2022, and any date during the period of 90 calendar days before September 1, 2022, when the interest on the Bonds are converted to the Tax-Exempt Rate upon the satisfaction of the conditions precedent set forth in Section 2.02(d).

“Tax-Exempt Rate” means 1.325% per annum based a 360-day year consisting of twelve 30-day months.

“Taxable Rate” means 1.77% per annum based on a 360-day year consisting of twelve 30-day months.

ARTICLE II

THE BONDS

Section 2.01. Principal Amount; Designation. The Bonds in the aggregate initial principal amount of \$_____ are hereby authorized to be issued by the City for the CFD under and subject to the terms of the Act, the Resolution of Issuance, this Agreement and other applicable laws of the State of California. The Bonds shall be designated as the “City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2021 Special Tax Refunding Bonds.”

Section 2.02. Terms of the Bonds.

(A) Form; Denomination; Registration. The Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent. The Bonds shall be issued as a single fully registered term Bond without coupons in the Authorized Denomination. Upon initial issuance, the ownership of the Bond shall be registered in the Bond Register in the name of the Original Purchaser.

(B) Date of Bonds. The Bonds shall be dated the Closing Date.

(C) CUSIP Identification Numbers. “CUSIP” identification numbers may, but only at the election of the Original Purchaser, be imprinted on the Bond, but such numbers shall not constitute a part of the contract evidenced by the Bond and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bond. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City’s contract with such Owners and shall not impair the effectiveness of any such notice. The Original Purchaser has elected that CUSIP identification numbers shall not be imprinted on the Bond.

(D) Maturity, Interest Rate and Conversion. The Bond shall mature and become payable on September 1, 2032, and shall bear interest initially at the Taxable Rate.

The interest rate on the Bond shall convert to the Tax-Exempt Rate on the Tax-Exempt Conversion Date upon the satisfaction of the following conditions precedent to such conversion:

(i) The election by the City, communicated in writing to the Owner at least 20 but not more than 60 days prior to the Tax-Exempt Conversion Date, to convert the interest components of the Bonds to the Tax-Exempt Rate.

(ii) Selection by the Owner of one of the following prepayment options which shall become applicable to the Bonds until maturity.

(1) The Bonds maturing on and after September 1, 2024, are subject to optional call and redemption prior to maturity, as a whole, on any date on or after September 1, 2023, from funds derived by the City from any source, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Price
September 1, 2023, through August 31, 2026	103%
September 1, 2026, through August 31, 2028	102
September 1, 2028, through August 31, 2030	101
September 1, 2030, and any date thereafter	100

(2) The Bonds maturing on and after September 1, 2026, are subject to optional call and redemption prior to maturity, as a whole, on any date on or after September 1, 2025, from funds derived by the City from any source, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Price
September 1, 2025, through August 31, 2026	103%
September 1, 2026, through August 31, 2027	102
September 1, 2027, through August 31, 2028	101
September 1, 2028, and any date thereafter	100

(3) The Bonds maturing on and after September 1, 2029, are subject to optional call and redemption prior to maturity, as a whole, on any date on or after September 1, 2028, from funds derived by the City from any source, at the a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds shall be subject to mandatory redemption from special tax prepayments as set forth in Section 2.03(A)(ii).

(iii) Appropriate amendments or supplements to this Agreement, if and to the extent required or appropriate, and delivery of a new Bond registered to the Owner bearing interest at the Tax-Exempt Rate.

(iv) Delivery of a certificate as to arbitrage and use of proceeds certificate, in form and substance satisfactory to Bond Counsel and the Owner, relating to the Bonds after interest with respect thereto is converted to the Tax-Exempt Rate.

(v) The filing of an IRS Form 8038-G, executed by the City.

(vi) Issuance of an opinion of Bond Counsel addressed to the City and the Owner to the effect that the conditions precedent set forth above to the conversion of the interest on the Bonds to the Tax-Exempt Rate have been satisfied and that subject to the City's compliance with certain covenants, the interest on the Bonds is excludable from gross income of the Owner thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax under the Code.

If, by September 1, 2022, the conditions precedent to the conversion of the interest on the Bonds to the Tax-Exempt Rate have not occurred, the interest on the Bonds shall continue to accrue at the Taxable Rate to maturity. From and after the Date of Taxability following a Determination of Taxability, the interest rate on the Bonds shall increase to the Taxable Rate.

(E) Interest. The Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest on all Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or

(iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date;

provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Principal of and interest and any premium on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by wire transfer to an account within the United States of America sent by the Fiscal Agent to the Owner thereof as it appears on the Bond Register at the close of business on the Record Date preceding the Interest Payment Date, upon written instructions provided by such Owner to the Fiscal Agent, which shall continue in effect until revoked in writing, or until the Bonds are transferred to a new Owner, without the requirement for presentation and surrender of the Bonds by the Owner to the Fiscal Agent; provided that principal which is payable at maturity shall be made only upon presentation and surrender at the Principal Office of the Fiscal Agent.

The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America.

Section 2.03. Redemption.

(A) Redemption Provisions.

(i) **Optional Redemption.** Prior to the Tax-Exempt Conversion Date, the Bonds are not subject to optional redemption. On and after the Tax-Exempt Conversion Date, the Bonds will be subject to optional redemption as selected by the Owner thereof at the time in connection with the conversion of interest to the Tax-Exempt Rate pursuant to 2.02(d) hereof.

If the interest rate on the Bonds is not converted from the Taxable Rate to the Tax-Exempt Rate, the Bonds maturing on and after September 1, 2023, are subject to optional call and redemption prior to maturity, as a whole, on any Interest Payment Date on or after September 1, 2022, from funds derived by the City from any source, at the following respective redemption prices (expressed as a percentage of the outstanding principal

amount of the Bonds), together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Price
Any Interest Payment Date from September 1, 2022, through March 1, 2024	102%
Any Interest Payment Date from September 1, 2024, through March 1, 2026	101
September 1, 2026, and any Interest Payment Date thereafter	100

(ii) **Redemption from Special Tax Prepayments.** Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to Section 4.03(F) shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(D), among maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the outstanding principal amount of the Bonds), as set forth below, together with accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Price
Any Interest Payment Date through March 1, 2024	102%
Any Interest Payment Date from September 1, 2024, through March 1, 2026	101
September 1, 2026, and any Interest Payment Date thereafter	100

(iii) **Mandatory Sinking Fund Redemption.** The Bonds are also subject to redemption, in part by lot, on September 1 in each of the years as set forth in the following table, from deposits made for such purpose pursuant to Section 4.04, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

Sinking Fund
Redemption Date
(September 1)

Principal
Amount To Be
Redeemed

2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032 (Maturity)

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem Bonds under subsection (A)(i) and (A)(ii) not less than 45 days prior to the applicable redemption date or such lesser number of days as may be acceptable to the Fiscal Agent.

(C) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 2.03(A), moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Agreement. Any Bonds purchased pursuant to this Section 2.03(C) shall be treated as outstanding Bonds under this Fiscal Agent Agreement, except to the extent otherwise directed by the Director of Administrative Services.

(D) Redemption Procedure by Fiscal Agent.

(i) **Notices.** The Fiscal Agent shall mail notice of redemption of the Bonds by first-class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to the respective Owners of any Bonds at their addresses appearing on the Bond Register. Notwithstanding the foregoing, the mailing or filing of any redemption notice shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

(ii) **Conditional Redemption Notice and Rescission of Redemption.** Any notice of redemption under Section 2.03(A)(i) or (A)(ii) may specify that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the City nor the Fiscal Agent will have any liability to the Owners or any other party as a result of its failure to redeem the Bonds as a result of insufficient moneys. The City will have the right to rescind any such redemption by written notice to the Fiscal Agent on or prior to the date fixed for redemption.

Any notice of redemption will be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute a default under this Agreement.

The Fiscal Agent will mail notice of rescission of redemption in the same manner that notice of redemption was originally provided.

(iii) **Contents of Notices.** Each notice of redemption shall state:

(i) the date of the notice,

(ii) the redemption date,

(iii) the place or places of redemption,

(iv) whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed,

(v) the CUSIP numbers, if any,

(vi) in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and

(vii) if so directed by the City, that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys).

Each such notice shall also state that on the redemption date there will become due and payable the redemption price of the Bonds, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that the Bonds be then surrendered. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers, if any, printed therein or on the Bonds.

Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Fiscal Agent, at the expense of the City, for and on behalf of the City.

(iv) **Selection of Bonds for Redemption.** Whenever provision is made in this Fiscal Agent Agreement for the redemption of less than all of the Bonds, the City shall direct the Fiscal Agent regarding the Bonds to be redeemed, and if not so directed, the Fiscal Agent shall select the Bonds to be redeemed pro rata among maturities and by lot within a single maturity, and in the case of mandatory sinking fund redemption pursuant to Section 2.03(A)(iii) above, by lot within the maturity being called for redemption.

(v) **New Bonds Following Partial Redemption.** Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond of the same series

and maturity, in the Authorized Denomination in a principal amount equal to the unredeemed portion of the Bond of such registered Owner.

(E) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in the notice of redemption. All Bonds redeemed and purchased by the Fiscal Agent under this Section 2.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds in accordance with the Fiscal Agent's retention policy then in effect.

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

Section 2.05. Execution and Authentication of Bonds.

(A) Execution. The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of its Mayor and its Clerk who are in office on the date of execution of this Agreement or at any time thereafter, and the seal of the City shall be impressed, imprinted or reproduced by facsimile thereon.

If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond are the proper officers of the City although at the nominal date of such Bond any such person may not have been such officer of the City.

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

Section 2.06. Transfer or Exchange of Bonds.

(A) General. 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 such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like outstanding principal amount of Bonds in the Authorized Denomination and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the City. The Fiscal Agent shall

collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Whenever the Bond is surrendered for transfer or exchange, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond for a like outstanding principal amount.

No transfers or exchanges of Bonds shall be required to be made (i) 15 days prior to the date established by the Fiscal Agent redemption of the Bonds or (ii) after the Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

(B) Limitations on Transfer. The Bonds may only be transferred in an Authorized Denomination to an affiliate of the Original Purchaser, an Institutional Accredited Investor or Qualified Institutional Buyer who delivers to the City and the Fiscal Agent an executed letter substantially in the form of Exhibit D hereto. Nothing herein shall limit the right of the Owner or its assignees to sell or assign participation interests therein to one or more entities listed in the preceding sentence; provided however, that (i) the holder of any such participation interest shall not be considered an Owner for any purposes of this Agreement and shall have no rights under this Agreement, and (ii) the holder of any such participation interest shall deliver to the City and the Fiscal Agent an executed letter substantially in the form of Exhibit D hereto.

Section 2.07. Bond Register. The Fiscal Agent will keep, or cause to be kept, at its Principal Office, sufficient books for the registration and transfer of the Bonds (the "Bond Register"), which shall show the series number, date, amount, rate of interest and last known Owner of the Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Bond Register, the ownership of the Bonds as hereinbefore provided.

The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Owner as it appears in the Bond Register for any and all purposes.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds.

If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent designates, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen.

(A) Mutilated. If any Bond becomes mutilated, at the expense of the Owner of such Bond, the City shall execute and the Fiscal Agent shall authenticate and deliver a replacement Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent, in accordance with the Fiscal Agent's retention policy then in effect.

(B) Destroyed or Stolen. If any Bond is lost, destroyed or stolen, the City shall execute and the Fiscal Agent shall authenticate and deliver a replacement Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen, at the expense of the Owner, but only following provision by the Owner to the Fiscal Agent of indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent. The City may require payment of a sum not exceeding the actual cost of preparing each a replacement Bond delivered under this Section and the City and the Fiscal Agent may require payment of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery thereof.

Any Bond delivered hereunder in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with the Bonds issued under this Agreement.

ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Agreement, the City may issue the Bonds for the CFD in the aggregate principal amount set forth in Section 2.01 and deliver the Bonds to the Fiscal Agent for authentication and delivery to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Resolution of Issuance and this Agreement, to authorize the payment of Costs of Issuance, to authorize the deposit of moneys into the Escrow Fund for the purpose of defeasing and refunding the Prior Bonds, and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the Bonds to the Original Purchaser.

The Fiscal Agent is hereby authorized and directed to authenticate the Bonds and deliver them to the Original Purchaser, upon receipt of the purchase price for the Bonds.

Section 3.02. Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account) and the Reserve Fund, and, until disbursed as provided herein, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

Amounts in the Costs of Issuance Fund and the Administrative Expense Fund are not pledged to the repayment of the Bonds.

Section 3.03. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall not be general obligations of the City, but shall be limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefore hereunder. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth herein) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Section 3.04. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Section 2.03, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03.

ARTICLE IV

PROCEEDS, FUNDS AND ACCOUNTS

Section 4.01. Application of Bond Proceeds and Moneys Relating to the Prior Bonds.

(A) Proceeds of the Bonds. The net proceeds of the Bonds received from the Original Purchaser in the amount of \$_____ (representing the initial principal amount of the bonds) shall be paid to the Fiscal Agent, which shall deposit the proceeds on the Closing Date as follows:

- (i) deposit \$_____ into the Costs of Issuance Fund;
- (ii) deposit \$_____ into the Reserve Fund equaling the initial Reserve Requirement;
- (iii) transfer \$_____ to the Escrow Agent for deposit into the Escrow Fund.

The Fiscal Agent may, in its discretion, establish a temporary fund or account to facilitate the foregoing deposits and transfer.

(B) Moneys Relating to the Prior Bonds. In addition to the foregoing deposits of Bond proceeds, the Director of Administrative Services and the Fiscal Agent shall cause the amounts held in the funds with respect to the Prior Bonds to be transferred and deposited to the Escrow Fund in accordance with and as set forth in the Escrow Agreement.

In addition, the City shall transfer the amounts on deposit in the administrative expense fund established under the Prior Bonds Fiscal Agent Agreement to the Fiscal Agent for deposit in the Administrative Expense Fund under Section 4.06 hereof.

Section 4.02. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. The Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which a deposit shall be made as required by Section 4.01. Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition substantially in the form of Exhibit B hereto, executed by the Director of Administrative Services, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting

from such investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

(D) Closing of Fund. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall transfer any moneys remaining therein, including any investment earnings thereon, to the Bond Fund to pay interest on the Bonds on the next Interest Payment Date and the Costs of Issuance Fund shall be closed.

Section 4.03. Reserve Fund.

(A) Establishment of Fund. The Reserve Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by Section 4.01, which deposit, as of the Closing Date, is equal to the initial Reserve Requirement with respect to the Bonds. Thereafter, deposits may be made to the Reserve Fund from time to time as provided in Section 4.05(B). Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund. Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Director of Administrative Services specifying the amount withdrawn.

(C) Transfer of Excess of Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Director of Administrative Services the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Director of Administrative Services of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund, to be used to pay interest on the Bonds on the next Interest Payment Date.

(D) Transfer for Rebate Purposes. Amounts in the Reserve Fund shall be withdrawn for purposes of making payment to the federal government to comply with Section 5.11, upon receipt by the Fiscal Agent of an Officer's Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; *provided, however*, that no amounts in the Reserve Fund shall be used for rebate unless the amount in the Reserve Fund following such withdrawal equals the Reserve Requirement.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall provide written notice to the Director of Administrative Services of the amount of the remaining balance and transfer

any cash or Permitted Investments in the Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with Section 4.04 or 2.03, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used by the City for any lawful purpose.

Notwithstanding the provisions of the first paragraph of this Section 4.03(E), no amounts shall be transferred from the Reserve Fund under this Section 4.03(E) until after: (i) the calculation of any amounts due to the federal government under Section 5.11 and withdrawal of any such amount under Section 4.03(D) for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(ii), a proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed and the original principal of the Bonds, but in any event not in excess of the amount that will leave the balance in the Reserve Fund following the proposed redemption equal to the Reserve Requirement) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 2.03(A)(ii) on the next Interest Payment Date. The Director of Administrative Services shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

(G) Investment. Moneys in the Reserve Fund shall be invested under Section 6.01.

Section 4.04. Bond Fund.

(A) Establishment of Bond Fund. The Bond Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by Section 4.01 and Section 4.03 and as otherwise set forth in this Agreement and, to the extent applicable, by the Escrow Agreement. Moneys in the Bond Fund shall be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, and shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

There is also hereby created in the Bond Fund a separate account to be held by the Fiscal Agent, designated the "Special Tax Prepayments Account," to the credit of which deposits shall be made as provided in clause (iii) of the second paragraph of Section 4.05(A).

(B) Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent shall notify the Director of Administrative Services in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, or any redemption of the Bonds under Section 2.03). On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the

principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date. If amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly shall notify the Director of Administrative Services by telephone (and confirm in writing) of the amount of the insufficiency.

If amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent shall withdraw from the Reserve Fund, in accordance with the provisions of Section 4.03, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the second sentence of the first paragraph of this Section 4.04(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the Bonds by reason of sinking payments.

(C) Disbursements from the Special Tax Prepayments Account. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under Section 2.03(A)(ii) and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(D) Investment. Moneys in the Bond Fund and the Special Tax Prepayments Account shall be invested under Section 6.01. Interest earnings and profits resulting from such investment shall be retained in the Bond Fund.

(E) Deficiency. If at any time it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay Debt Service on the Bonds in a timely manner, the Fiscal Agent shall report to the Director of Administrative Services such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

(F) Excess. If excess moneys remain in the Bond Fund following the payment of Debt Service on the Bonds on any September 1, the Fiscal Agent shall provide written notice to the Director of Administrative Services of the amount of the excess and transfer such amounts to the Special Tax Fund.

Section 4.05. Special Tax Fund.

(A) Establishment of Special Tax Fund. The Special Tax Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent shall deposit amounts received from or on behalf of the City consisting of Special Tax Revenues, amounts transferred from the Administrative Expense Fund and the Bond Fund, and amounts transferred from the special tax fund for the Prior Bonds under Section 4.01(B). The City shall promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Director of Administrative Services and shall be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due debt service on the Bonds; second, for transfer to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then-current Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in Section 4.05(B) below; and

(ii) any proceeds of Special Tax Prepayments shall be separately identified by the Director of Administrative Services and shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.04(A).

(B) Disbursements. On the fifth Business Day before each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) the amount or portion thereof, not exceeding the Administrative Expense Deposit each Fiscal Year, which an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund which, when added to the deposit therein, is sufficient to pay (A) Administrative Expenses which the City reasonably expects will become due and payable during such Fiscal Year, and (B) any Administrative Expenses that have previously been incurred and paid by the City from funds other than the Administrative Expense Fund;

(ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, and any expected transfers from the Reserve Fund and the Special Tax Prepayments Account to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid;

(iii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; and

(iv) to the Administrative Expense Fund the amount of Administrative Expenses in excess of the amount previously transferred thereto pursuant to (i) above, as and to the extent directed in writing by an Authorized Officer.

After making the foregoing transfers in any Bond Year, the Fiscal Agent shall, upon the receipt of a Certificate of an Authorized Representative, transfer any amounts remaining in the Special Tax Fund to the Surplus Fund to be applied in accordance with Section 4.07 below.

In the absence of such written direction, all amounts remaining in the Special Tax Fund on September 2 of each year shall be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service; provided however, that, on and after the Tax-Exempt Conversion Date, such amounts may not be invested at a yield in excess of the yield on the Bonds.

(C) Investment. Moneys in the Special Tax Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Section 4.06. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which deposits shall be made as required by Section 4.01(B) and Section 4.05(B). Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate, in substantially the form of Exhibit C hereto, stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or a Cost of Issuance and the nature of such Administrative Expense or such Cost of Issuance. Amounts deposited to the Administrative Expense Fund pursuant to Section 4.01(B) shall be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to Section 4.05(B).

Annually, on the last day of each Fiscal Year, the Fiscal Agent shall withdraw from the Administrative Expense Fund and transfer to the Special Tax Fund any amount in excess of that which is needed to pay any Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, as identified by the Director of Administrative Services in an Officer's Certificate.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the Administrative Expense Fund to be used for the purposes of such fund.

Section 4.07. Surplus Fund.

The Fiscal Agent shall transfer moneys deposited in the Surplus Fund under Section 4.05 hereof, at the direction of an Authorized Representative of the City, for any of the following purposes: (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including sinking fund payments, premium, if any, and interest on the Bonds when due if moneys in the Special Tax Fund and the Reserve Fund are insufficient therefor; (ii) to the Reserve Fund in order to replenish the Reserve Fund to the Reserve Requirement; (iii) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses; or (iv) to the City for any other lawful purpose of the City.

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

ARTICLE V

COVENANTS

Section 5.01. Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

(A) Processing. On or within 5 Business Days of each June 1, the Fiscal Agent shall provide the Director of Administrative Services with a notice stating the amount then on deposit in the Bond Fund, the Reserve Fund, the Special Tax Fund and the Surplus Fund, and the City shall determine the Special Taxes that need to be levied under the Ordinance as necessary to provide for Annual Debt Service and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balance therein equals the Reserve Requirement. The receipt of or failure to receive such notice by the Director of Administrative Services shall in no way affect the obligations of the Director of Administrative Services under the following two paragraphs and the Fiscal Agent shall not be liable for failure to provide such notices to the Director of Administrative Services. Upon receipt of such notice, the Director of Administrative Services shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(B) Levy. The Director of Administrative Services shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the CFD for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Director of Administrative Services shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(C) Computation. The Director of Administrative Services shall fix and levy the amount of Special Taxes within the CFD required for the payment of principal of and interest on any outstanding Bonds of the CFD becoming due and payable during the ensuing calendar year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year, taking into account the balances in the applicable funds established under this Agreement and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

(D) Collection. Except as set forth in the Ordinance, Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the

same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Section 5.02. Covenant to Foreclose. On or about July 1 of each Fiscal Year, the Director of Administrative Services will compare the amount of Special Taxes previously levied in the CFD to the amount of Special Tax Revenues received by the City, and if delinquencies have occurred, proceed as follows:

(A) **Individual Delinquencies.** If the Director of Administrative Services determines that any single parcel subject to the Special Tax in the CFD is delinquent in the payment of three or more installments of the Special Taxes, then the Director of Administrative Services shall, within 60 days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of each parcel delinquent in the payment of three or more installments of the Special Taxes, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 120 days of such determination against each parcel delinquent in the payment of three or more installments of the Special Taxes; provided, however, that the City need not commence or pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of Special Taxes in an amount less than \$3,000 if the total amount of delinquent Special Taxes for the prior Fiscal Year for the entire CFD does not exceed 5% of the total Special Taxes due and payable for such prior Fiscal Year. Notwithstanding the foregoing, the City shall not be required to order and cause judicial foreclosure proceedings to be commenced against particular delinquent properties if (i) the City determines that the cost of pursuing such judicial foreclosure proceedings is greater than the outstanding delinquency, and (ii) the balance on deposit in the Reserve Fund is not less than the Reserve Requirement.

(B) **Aggregate Delinquencies.** If the Director of Administrative Services determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire CFD, (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are 10 or fewer owners of real property within the CFD, determined by reference to the latest available secured property tax roll of the County, the City shall notify or cause to be notified all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 120 days of such determination against each parcel of land in the CFD with a Special Tax delinquency.

The Director of Administrative Services and the City Attorney, as applicable, are hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

Section 5.03. Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.04. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner.

If any such claim for interest is extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which have not been so extended or funded.

Section 5.05. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, or their Owners, except as permitted by this Agreement.

Section 5.06. Books and Records.

(A) **City.** The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent, and the Owners, or their representatives duly authorized in writing.

(B) **Fiscal Agent.** The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the expenditure of amounts disbursed from the funds, and, if any, accounts in such funds held by the Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours be subject to the inspection of the City and the Owners, or their representatives duly authorized in writing upon reasonable prior notice.

Section 5.07. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.08. Further Assurances. The City 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 Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided in this Agreement.

Section 5.09. Tax Covenants. On and after the Tax-Exempt Conversion Date, the City will comply with the following covenants:

(A) **Generally.** The City shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured

would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(B) Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become “private activity bonds” within the meaning of section 141(a) of the Code or to meet the private loan financing test of section 141(c) of the Code.

(C) Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(D) No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(E) Rebate of Excess Investment Earnings. The City shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under section 148(f) of the Code, at the times and in the manner required under the Code. The City shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Code, such payments to be made from any source of legally available funds of the City. The City shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection.

The Fiscal Agent has no duty to monitor the compliance by the City with any of the covenants contained in this Section.

Section 5.10. Continuing Disclosure. The City hereby covenants and agrees that it will annually, no later than December 31 each year (the “Annual Report Date”), commencing December 31, 2021, provide the following information to the Original Purchaser:

Section 5.11. Limits on Special Tax Waivers and Bond Tenders. The City covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

Section 5.12. City Bid at Foreclosure Sale. The City will not bid at a foreclosure sale of property in respect of delinquent Special Taxes, unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the City and that the Special Taxes levied on the property are payable while the City owns the property.

Section 5.13. Issuance of Future Parity Bonds for Refunding Purposes. The City may from time to time issue additional bonds or other indebtedness on a parity with the Bonds but only if such bonds or other indebtedness constitute Refunding Bonds and are used to refund and discharge Outstanding Bonds, or any portion thereof, in accordance with the Act. Any such bonds or indebtedness shall constitute Bonds hereunder and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Outstanding Bonds hereunder.

Section 5.14. Amendment of Rate and Method. The City shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the City shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Section 5.15. Servicing; Appointment of Servicer. The Original Purchaser may engage a Servicer, and collaterally assign some or all of its rights under this Agreement, to act on behalf of the Original Purchaser under this Agreement. The Original Purchaser may at any time and from time to time terminate or remove and replace any such Servicer. The Original Purchaser shall give written notice to the City and the Fiscal Agent of its appointment, termination, removal or replacement of any Servicer, and the parties may rely on any such notice until any subsequent notice is given.

The Original Purchaser is under no obligation to appoint a Servicer; if at any time a Servicer has not been designated by the Original Purchaser, any references to the "Servicer" herein shall refer to the Original Purchaser. Any opinion or certificate provided for herein that is directed to the Servicer shall also be directed to, and may be relied upon by, the Original Purchaser.

The Original Purchaser understands and agrees that it may otherwise transfer the Bonds in whole, and not in part, only to a Servicer that (A) is an affiliate, (B) the Original Purchaser reasonably believes is either a Qualified Institutional Buyer or an Institutional Accredited Investor and is purchasing the Bonds for its own account and (C) otherwise complies in all respects with the provisions herein regarding such sale or transfer.

The Original Purchaser shall be solely responsible for providing the purchase price of the Bonds.

From and after the Closing Date, if the Original Purchaser has appointed a Servicer for the Original Purchaser under this Agreement, the City and the Fiscal Agent acknowledge and agree that the Servicer shall exercise all of the rights and remedies of the Original Purchaser under this Agreement, shall receive all reports, statements, notices and other communications from the City and the Fiscal Agent on behalf of the Original Purchaser required to be delivered to the Original Purchaser under this Agreement and shall be entitled to all of the protections afforded the Original Purchaser under this Agreement.

Section 5.16. Relationship to Original Purchaser. Inasmuch as the Bond represents a negotiated transaction, the Original Purchaser is not acting as a fiduciary of the City, but rather is acting solely in its capacity as the Owner for its own loan account.

The City acknowledges and agrees that

(A) the transaction contemplated herein is an arm's length commercial transaction between the City and the Original Purchaser and its affiliates,

(B) in connection with such transaction, the Original Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"),

(C) the Original Purchaser and its affiliates are relying on the purchaser exemption in the Municipal Advisor Rules,

(D) the Original Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated by the Bonds and the discussions, undertakings and procedures leading thereto (whether or not the Original Purchaser, or any affiliate of the Original Purchaser, has provided other services or advised, or is currently providing other services or advising the City on other matters), and

(E) the Original Purchaser and its affiliates have financial and other interests that differ from those of the City.

ARTICLE VI

INVESTMENTS; LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Moneys in Funds.

(A) Funds Held by the Fiscal Agent. Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two Business Days in advance of the making of such investments.

In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in paragraph (c) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out hereunder to the extent reasonably practicable, and if such investments cannot be made shall hold such funds uninvested.

The Director of Administrative Services shall make note of any investment of funds hereunder in excess of the yield on the Bonds so that appropriate actions can be taken to assure compliance with Section 5.11.

(B) Funds Held by the City. Moneys in any fund or account created or established by this Agreement and held by the Director of Administrative Services shall be invested in any Permitted Investment or in any other lawful investment for City funds, which in any event by its terms matures prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

(C) Actions of Officials. The Fiscal Agent and its affiliates or the Director of Administrative Services may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Director of Administrative Services shall incur any liability for losses arising from any investments made pursuant to this Section. The Fiscal Agent shall not be required to determine the legality of any investments.

(D) Valuation of Investments. On and after the Tax-Exempt Conversion Date, the following will apply to the valuation of investments:

(i) Except as otherwise provided in subsection (B) below, the City covenants that all investments of amounts deposited in any fund or account created by or under this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code), will be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value.

(ii) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code will be valued at their present value (within the meaning of section 148 of the Code).

(E) Commingled Money. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Director of Administrative Services hereunder, provided that the Fiscal Agent or the Director of Administrative Services, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

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

(G) Sale of Investments. The Fiscal Agent or the Director of Administrative Services, as applicable, shall sell at Fair Market Value, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Director of Administrative Services shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

Section 6.02. Liability of City.

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

(B) Reliance. In the absence of bad faith, the City, including the Director of Administrative Services, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City by the Fiscal Agent or an Independent Financial Consultant and conforming to the requirements of this Agreement. The City, including the Director of Administrative Services, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts. The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

Section 6.03. Employment of Agents by City. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. The Fiscal Agent.

(A) Appointment. The Fiscal Agent is hereby appointed as the fiscal, authentication, paying and transfer agent hereunder for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Fiscal Agent.

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

(C) Removal. Upon 30 days' written notice, the City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(D) Resignation. The Fiscal Agent may at any time resign by giving 30 days' prior written notice to the City by certified mail return receipt requested, and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

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

(F) Court Order. If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Director of Administrative Services in trust for the benefit of the Owners. The City covenants for the direct benefit of the

Owners that its Director of Administrative Services in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds.

Section 7.02. Liability of Fiscal Agent.

(A) General. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. All indemnifications and releases from liability granted to the Fiscal Agent hereunder shall extend to the directors, officers and employees of the Fiscal Agent.

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

(B) Reliance. The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, documents, written instructions or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates, documents, written instructions or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, facsimile transmission, electronic mail, or other paper or document which it shall reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

(C) No Duty to Inquire. The Fiscal Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the City or the CFD herein or of any of the documents executed by the City or the CFD in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(D) Errors in Judgment. The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Fiscal Agent unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

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

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

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

Section 7.03. Information; Books and Accounts. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Fiscal Agent, including the value of any investments held by the Fiscal Agent. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Special Tax Fund, the Reserve Fund and the Cost of Issuance Fund. Such books of record and accounts shall, upon reasonable notice, during business hours be subject to the inspection of the City and the Owners, or their representatives duly authorized in writing.

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

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

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

discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys (including the allocated costs of in-house attorneys), agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, costs, claims or expenses, including fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement, and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

ARTICLE VIII

MODIFICATION OR AMENDMENT

Section 8.01. Amendments Permitted. This Agreement and the rights and obligations of the City and of the Owners may be modified or amended at any time by a Supplemental Agreement upon the written consent of the Owner. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

Section 8.02. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time execute a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01(A), to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent, at the expense of the City), to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

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

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

Section 8.03. Reserved.

Section 8.04. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective under this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and

obligations under this Agreement of the City, the Fiscal Agent and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.05. Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 8.06. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by it, provided that due notation thereof is made on such Bonds.

ARTICLE IX

MISCELLANEOUS

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

Section 9.02. Successor and Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. If the City pays and discharges the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

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

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the Reserve Fund hereof, is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and/or Federal Securities in such amount as the City determines, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond Fund and the Reserve Fund (to the extent invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been given as in this Agreement provided or provision satisfactory to the Fiscal Agent has been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to the Outstanding Bonds shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent.

Notwithstanding the foregoing, the following obligations and pledges of the City shall continue in any event: (i) the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, (ii) the obligation of the City to pay amounts owing to the Fiscal Agent pursuant to Section 7.05, and (iii) the obligation of the City to

assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Act and the Resolution of Formation.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration, consent or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

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

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the Bond Register maintained by the Fiscal Agent under Section 2.07.

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

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

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

City of Fullerton
303 West Commonwealth Avenue
Fullerton, CA 92832
Fax: 714-738-3113
Attention: Director of Administrative Services

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by facsimile transmission receipt of which has been confirmed or by being deposited postage prepaid in a post

office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows:

U.S. Bank National Association
Global Corporate Trust
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

Reference: Fullerton CFD No. 1 (Amerige Heights) STBs 2021

Section 9.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held by a court of competent jurisdiction to be illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.08. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the City for such payment shall survive only so long as required under applicable law.

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

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

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

Section 9.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds, or the date fixed for redemption of any Bonds, or the date any action is to be taken under this Agreement, is other than a Business Day, the payment of interest or principal (and premium, if any) or the action shall be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.13. State Reporting Requirements. In addition to Section 5.10, the following requirements shall apply to the Bonds:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the Bonds, and in each calendar year thereafter

until the October 30 following the final maturity of the Bonds, the Director of Administrative Services shall cause the following information to be supplied to CDIAC: (i) the principal amount of the Bonds Outstanding; (ii) the balance in the Reserve Fund and any amounts of capitalized interest in the Bond Fund; (iii) the number of parcels in the CFD which are delinquent in the payment of Special Taxes, the amount of each delinquency, the length of time delinquent and when foreclosure was commenced for each delinquent parcel; (iv) the balance in the Refunding Fund; and (v) the assessed value of all parcels in the CFD subject to the levy of the Special Taxes as shown in most recent equalized roll. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the Director of Administrative Services of such failure or withdrawal in writing. The Director of Administrative Services shall notify CDIAC and the Owners of such failure or withdrawal within 10 days of such failure or withdrawal.

(C) Special Tax Reporting. The Director of Administrative Services shall file a report with the City no later than the January 1 following the Closing Date, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the CFD, and (ii) the amount of Bond proceeds collected and expended with respect to the CFD.

It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected by the City will be deposited for purposes of section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 4.01 are the funds and accounts into which Bond proceeds will be deposited for purposes of section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Amendment. The reporting requirements of this Section 9.13 shall be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to section 53359.5(b) or section 53359.5(c) of the Act, and (ii) with respect to subparagraph (C) above, to reflect any amendments to sections 50075.1, 50075.3, 53410 or 53411 of the California Government Code.

The City shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under this Agreement.

(E) No Liability. None of the City and its officers, agents and employees, the Director of Administrative Services or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section 9.13.

Section 9.14. Additional Rights of Original Purchaser. The following provisions shall apply so long as the Original Purchaser or its affiliate or a successor by merger owns the Bonds:

(A) Notwithstanding any other provision of this Agreement, the Original Purchaser shall have the right to consent to the appointment of a successor Fiscal Agent appointed by the City after the resignation or removal of the Fiscal Agent.

(B) Notwithstanding any other provision of this Agreement, the Original Purchaser shall have the right to consent to any amendment to this Agreement.

(C) The City shall inform the Original Purchaser promptly upon the occurrence of a default under this Agreement.

(D) The Original Purchaser is hereby expressly made a third party beneficiary of this Agreement.

Section 9.15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

* * * * *

IN WITNESS WHEREOF, the City and the Fiscal Agent have caused this Agreement to be executed as of the date first written above.

CITY OF FULLERTON,
for and on behalf of
COMMUNITY FACILITIES DISTRICT NO. 1

By: _____
City Manager

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

No. ____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE

CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 1
(AMERIGE HEIGHTS)
2021 Special Tax Refunding Bond

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY BE TRANSFERRED ONLY IN AN AUTHORIZED DENOMINATION BY THE REGISTERED OWNER SOLELY TO (i) A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933), OR (ii) AN “INSTITUTIONAL INVESTOR” (AS DEFINED IN SUBSECTIONS (A)(1), (2), (3) AND (7) OF SECURITIES AND EXCHANGE COMMISSION RULE 501 PROMULGATED UNDER THE SECURITIES ACT OF 1933) AND ONLY UPON THE EXECUTION AND DELIVERY BY THE TRANSFEREE OF A PURCHASER LETTER IN SUBSTANTIALLY THE FORM OF EXHIBIT D TO THE FISCAL AGENT AGREEMENT AND BY THIS REFERENCE INCORPORATED HEREIN.

INTEREST RATE	MATURITY DATE	DATED DATE
1.77%	September 1, 2032	November __, 2021

REGISTERED OWNER: Sterling National Bank

PRINCIPAL AMOUNT: *****DOLLARS

The City of Fullerton (the “City”) for and on behalf of the “City of Fullerton Community Facilities District No. 1” (the “CFD”), for value received, hereby promises to pay solely from Special Tax Revenues (as hereinafter defined) to be collected in the CFD or amounts in certain funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for (unless this Bond is authenticated on or before an Interest Payment Date (as hereinafter defined) and after the close of business on the Record Date (as hereinafter defined) preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to February 15, 2022, in which event it shall bear interest from the Dated Date identified above, payable semiannually on each March 1 and September 1, commencing March 1, 2022 (each an “Interest Payment Date”), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the

time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

Principal of and interest and any premium on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by wire transfer to an account within the United States of America sent by the Fiscal Agent to the Owner thereof as it appears on the Bond Register at the close of business on the Record Date preceding the Interest Payment Date, upon written instructions provided by such Owner to the Fiscal Agent, which shall continue in effect until revoked in writing, or until the Bonds are transferred to a new Owner, without the requirement for presentation and surrender of the Bonds by the Owner to the Fiscal Agent; provided that principal which is payable at maturity shall be made only upon presentation and surrender at the Principal Office of the Fiscal Agent.

This Bond constitutes the entire issue of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by resolution of the City Council of the City on _____, 2021 (the "Resolution of Issuance"), under the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose refinancing the outstanding special tax bond captioned "City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2012 Special Tax Refunding Bonds (the "Prior Bonds")", and is designated "City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2021 Special Tax Refunding Bonds" (the "Bonds").

The issuance of this Bond and the terms and conditions thereof are provided for by a Fiscal Agent Agreement dated as of November 1, 2021 (the "Agreement"), between the City and U.S. Bank National Association (the "Fiscal Agent") and this reference incorporates the Agreement herein, and by acceptance hereof the registered owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act, the Resolution of Issuance and the Agreement, the principal of and interest on this Bond are payable solely from "Special Tax Revenues," as defined in the Agreement, which consist primarily of the proceeds of the annual special tax authorized under the Act to be collected within the CFD (the "Special Tax"), and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. This Bond does not constitute an obligation of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of this Bond.

This Bond is subject to optional call and redemption prior to maturity, as a whole, on any Interest Payment Date on or after September 1, 2022, from funds derived by the City from any source, at the following respective redemption prices (expressed as a percentage of the outstanding principal amount of this Bond), together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Price
Any Interest Payment Date from September 1, 2022, through March 1, 2024	102%

Any Interest Payment Date from September 1, 2024, through March 1, 2026	101
September 1, 2026, and any Interest Payment Date thereafter	100

Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to the Agreement shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Agreement, among maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the outstanding principal amount of this Bond), as set forth below, together with accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Price
Any Interest Payment Date through March 1, 2024	102%
Any Interest Payment Date from September 1, 2024, through March 1, 2026	101
September 1, 2026, and any Interest Payment Date thereafter	100

This Bond is also subject to redemption, in part by lot, on September 1 in each of the years as set forth in the following table, from deposits made for such purpose pursuant to the Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

Redemption Date (September 1)	Sinking Payments
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032(maturity)	

Notice of redemption with respect to this Bond shall be given to the registered owners hereof, in the manner, to the extent and subject to the provisions of the Agreement, and may specify that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption.

This Bond shall be registered in the name of the registered owner hereof, as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

This Bond is subject to certain transfer restrictions as set forth in the Agreement. No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to

the registered owner or to such registered owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) 15 days prior to the date established by the Fiscal Agent for redemption of this Bonds, (ii) after this Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date. Exchanges may only be made for Bonds in the Authorized Denomination as provided in the Agreement.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of this Bond is not subject to acceleration upon a default under the Agreement or any other document.

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

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

IN WITNESS WHEREOF, City of Fullerton has caused this Bond to be to be signed by the facsimile signature of its Mayor and countersigned by the facsimile signature of the Clerk with the seal of the City imprinted hereon.

[S E A L]

Clerk

Mayor

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Agreement which has been authenticated on _____, 2021.

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

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

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Fiscal Agent, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

**City of Fullerton
Community Facilities District No. 1
(Amerige Heights)
2021 Special Tax Refunding Bonds**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM COSTS OF ISSUANCE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of Administrative Services of the City of Fullerton, a general law city duly organized and existing under the laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2021 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.02(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Costs of Issuance Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of Costs of Issuance (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A; and

(iv) the disbursements described on the attached Schedule A constitute Costs of Issuance, and are properly chargeable to the Costs of Issuance Fund.

Dated: _____

CITY OF FULLERTON

By: _____
Director of Administrative Services

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT C

**City of Fullerton
Community Facilities District No. 1
(Amerige Heights)
2021 Special Tax Refunding Bonds**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM ADMINISTRATIVE EXPENSE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of Administrative Services of the City of Fullerton, a general law city duly organized and existing under the laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2021 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.06(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Administrative Expense Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of an Administrative Expense or Costs of Issuance (as those terms are defined in the Fiscal Agent Agreement) as described on attached Schedule A; and

(iv) the disbursements described on the attached Schedule A constitute Administrative Expenses or Costs of Issuance, and are properly chargeable to the Administrative Expense Fund.

Dated: _____

CITY OF FULLERTON

By: _____
Director of Administrative Services

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT D

**City of Fullerton
Community Facilities District No. 1
(Amerige Heights)
2021 Special Tax Refunding Bonds**

Form of Purchaser Letter

_____, 20__

City of Fullerton
303 W. Commonwealth Avenue
Fullerton, CA 92832

U.S. Bank National Association, as fiscal agent
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

Stifel, Nicolaus & Company, Incorporated, as placement agent
515 South Figueroa St., Suite 1800
Los Angeles, CA 90071

Re: \$_____ City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2021 Special Tax Refunding Bonds

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges that it is purchasing \$_____ aggregate principal amount of City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2021 Special Tax Refunding Bonds (the "Bonds") issued in the Authorized Denominations pursuant to a Fiscal Agent Agreement dated as of November 1, 2021 (the "Fiscal Agent Agreement"), between the City of Fullerton and U.S. Bank National Association. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Fiscal Agent Agreement.

This letter is being provided pursuant to a Placement Agent Agreement, dated _____, 2021 (the "Placement Agreement"), between the City of Fullerton (the "Issuer") and Stifel, Nicolaus & Company, Incorporated (the "Placement Agent").

The Investor acknowledges that the proceeds of the Bonds will be used to (i) refinance the outstanding City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2012 Special Tax Refunding Bonds and (ii) pay the cost of issuing the Bonds.

The Bonds together with interest thereon shall be payable from Special Tax Revenues.

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

1. The Investor has the authority and is duly authorized to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with its purchase of the Bonds. The Investor (a) is a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; and (b) has the present intent to hold the Bonds to maturity or earlier redemption or mandatory tender.

2. The Investor is (a) a “qualified institutional buyer” as that term is defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or (b) an “accredited investor” as that term is defined in Rule 501(a)(1),(2),(3), or (7) under the Securities Act.

3. The Investor is not purchasing the Bonds for more than one account or with a view to distributing the Bonds.

4. The Investor understands that the Bonds are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof, and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating agency, and (d) will be delivered in a form that may not be readily marketable.

5. The Investor acknowledges that it has either been supplied with or been given access to information which it has requested from the Issuer and to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Issuer and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Bonds. The Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds.

6. The Investor acknowledges that the obligations of the Issuer under the Fiscal Agent Agreement do not constitute obligations of the Issuer for which the Issuer is obligated to levy or pledge, or has levied or pledged, general or special taxes, other than the special taxes referenced herein. The Bonds are limited obligations of the Issuer payable from the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement but are not a debt of the Issuer, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Bonds. The Investor has reviewed the documents executed in conjunction with the issuance of Bonds, or summaries thereof, including, without limitation, the Fiscal Agent Agreement.

8. The Investor acknowledges and agrees that the Placement Agent and the Issuer take no responsibility for, and make no representation to the Investor, or any subsequent

purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions of the Fiscal Agent Agreement, or any securities law or income tax law consequences thereof. The Investor also acknowledges that, with respect to the Issuer's obligations and liabilities, the Investor is solely responsible for compliance with the sales restrictions on the Bonds in connection with any subsequent transfer of the Bonds made by the Investor.

9. The Investor agrees that it is bound by and will abide by the provisions of the Fiscal Agent Agreement relating to transfer, the restrictions noted on the face of the Bonds and this Investor Letter. The Investor also covenants to comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Bonds by the Investor.

10. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations, and warranties herein made to the addressees hereto.

11. The interpretation of the provisions hereof shall be governed and construed in accordance with State of California law without regard to principles of conflicts of laws.

12. All representations of the Investor contained in this letter shall survive the execution and delivery of the Bonds to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

13. Inasmuch as the Bonds represents a negotiated transaction, the Investor is not acting as a fiduciary of the Issuer, but rather is acting solely in its capacity as the initial Bondowner, for its own loan account. The Issuer acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Issuer and the Investor and its affiliates, (ii) in connection with such transaction, the Investor and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Investor and its affiliates are relying on the purchaser exemption in the Municipal Advisor Rules, (iv) the Investor and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Issuer with respect to the transaction contemplated by the Bonds and the discussions, undertakings and procedures leading thereto (whether or not the Investor, or any affiliate of the Investor, has provided other services or advised, or is currently providing other services or advising the Issuer on other matters) and (v) the Investor and its affiliates have financial and other interests that differ from those of the Issuer.

Date: [Closing Date]

Very truly yours,

Investor: _____

By: _____

Name: _____

Title: _____