
FISCAL AGENT AGREEMENT

Between

CITY OF ROSEVILLE

and

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

Dated as of _____ 1, 2017

**\$ _____
CITY OF ROSEVILLE
STONE POINT
COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2017**

TABLE OF CONTENTS

ARTICLE I DEFINITIONS

Section 1.1.	Definitions.....	3
--------------	------------------	---

ARTICLE II GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1.	Amount, Issuance, Purpose and Nature of Bonds	11
Section 2.2.	Type and Nature of Bonds.....	11
Section 2.3.	Equality of Bonds and Pledge of Net Taxes	11
Section 2.4.	Description of Bonds; Interest Rates	12
Section 2.5.	Place and Form of Payment	13
Section 2.6.	Form of Bonds	13
Section 2.7.	Execution and Authentication	13
Section 2.8.	Bond Register.....	14
Section 2.9.	Registration of Exchange or Transfer.....	14
Section 2.10.	Mutilated, Lost, Destroyed or Stolen Bonds	14
Section 2.11.	Validity of Bonds.....	15

ARTICLE III CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1.	Creation of Funds; Application of Proceeds.	Error! Bookmark not defined.
Section 3.2.	Deposits to and Disbursements from Special Tax Fund	17
Section 3.3.	Reserved	17
Section 3.4.	Interest Account and Principal Account of the Special Tax Fund.....	17
Section 3.5.	Redemption Account of the Special Tax Fund	17
Section 3.6.	Reserve Account of the Special Tax Fund	18
Section 3.7.	Surplus Fund	19
Section 3.8.	Investments	20
Section 3.9.	Valuation and Disposition of Investments.....	21

ARTICLE IV REDEMPTION OF BONDS

Section 4.1.	Redemption of Bonds	23
Section 4.2.	Selection of Bonds for Redemption	24
Section 4.3.	Notice of Redemption	24
Section 4.4.	Partial Redemption of Bonds.....	25
Section 4.5.	Effect of Notice and Availability of Redemption Money	25
Section 4.6.	Certification of Independent Financial Consultant	25

ARTICLE V COVENANTS AND WARRANTY

Section 5.1.	Warranty	26
Section 5.2.	Covenants	26

ARTICLE VI AMENDMENTS TO FISCAL AGENT AGREEMENT

Section 6.1.	Supplemental Agreements or Orders Not Requiring Bondowner Consent	32
Section 6.2.	Supplemental Agreements or Orders Requiring Bondowner Consent.....	32
Section 6.3.	Notation of Bonds; Delivery of Amended Bonds	33

ARTICLE VII

FISCAL AGENT

Section 7.1. Fiscal Agent..... 34
Section 7.2. Removal of Fiscal Agent..... 34
Section 7.3. Resignation of Fiscal Agent..... 35
Section 7.4. Liability of Fiscal Agent..... 35
Section 7.5. Merger or Consolidation 37

ARTICLE VIII
DEFEASANCE AND ADDITIONAL BONDS

Section 8.1. Defeasance 38
Section 8.2. No Additional Bonds **Error! Bookmark not defined.**

ARTICLE IX
MISCELLANEOUS

Section 9.1. Remedies of Bondowners 40
Section 9.2. Non-Waiver..... 40
Section 9.3. Remedies Not Exclusive..... 40
Section 9.4. Cancellation of Bonds..... 40
Section 9.5. Execution of Documents and Proof of Ownership 41
Section 9.6. Unclaimed Moneys 41
Section 9.7. Provisions Constitute Contract 42
Section 9.8. Future Contracts..... 42
Section 9.9. Further Assurances 42
Section 9.10. Severability 42
Section 9.11. Notices..... 42

EXHIBIT A FORM OF SPECIAL TAX BOND, SERIES 2017

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (this "Fiscal Agent Agreement") is made and entered into as of _____ 1, 2017, between the City of Roseville, a charter 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's Stone Point Community Facilities District No. 1 (the "CFD"), and The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent"), and governs the terms of the City of Roseville Stone Point Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2017 (the "Bonds") issued in accordance herewith from time to time.

BACKGROUND :

1. The City Council of the City has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Act"), to form the CFD, to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes the proceeds of which special taxes and which bonds were to be used to finance certain public improvements, all as described in those proceedings.

2. Under the provisions of the Act, on behalf of the CFD, the City has previously issued \$11,285,000 original principal amount of Stone Point Community Facilities District No. 1 Special Tax Bonds, Series 2003 (the "Prior Bonds") pursuant to a Fiscal Agent Agreement, dated as of March 1, 2003, between the City and The Bank of New York Mellon Trust Company, N.A. (the "Prior Bonds Fiscal Agent").

3. The City wishes to refinance the Prior Bonds to take advantage of current interest rates, which refinancing will result in the redemption on a current basis all of the remaining outstanding Prior Bonds.

4. The Prior Bonds are subject to redemption on September 1, 2017, in whole or in part, at a redemption price equal to 100% of the principal amount of the Prior Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

5. On _____, 2017, for the purpose of refinancing the Prior Bonds, the City Council adopted Resolution No. _____ (the "Resolution") authorizing the issuance and sale of the Bonds by the City for and on behalf of the CFD pursuant to this Fiscal Agent Agreement, which Special Tax Refunding Bonds will be issued in a single series.

6. The City has determined that it is in the public interest and for the benefit of the City, the persons responsible for the payment of special taxes and the owners of the Bonds that the City enter into this Fiscal Agent Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the bonds, and the administration and payment of the Bonds.

7. The Roseville Finance Authority wishes to assist the City with the refinancing of the Prior Bonds by purchasing the Bonds.

8. 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 and this Fiscal Agent Agreement, to be legal, valid and binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Fiscal Agent Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms, have in all respects been duly authorized.

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the City does hereby covenant and agree, for the benefit of the Owners of the Bonds as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms will have the following meanings:

“Account” means any account created pursuant to this Fiscal Agent Agreement.

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

“Administrative Expenses” means any or all of the following:

(a) the expenses directly related to the administration of the CFD, including, but not limited to, the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs associated with preparing Special Tax disclosure statements and responding to the public inquiries regarding the Special Taxes; the costs of the City, the CFD or any designee thereof related to an appeal of the Special Tax;

(b) the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties of the Fiscal Agent pertaining to the Bonds required under this Fiscal Agent Agreement and any Supplemental Agreement;

(c) the costs of the City or any designee thereof of complying with the City, the CFD or the Authority disclosure requirements associated with applicable federal or state securities laws of the Act pertaining to the bonds;

(d) the Authority Administrative Expenses (as defined in the Authority Indenture);

(e) any amounts required to be rebated to the federal government; and

(f) all other costs and expenses of the City (including, but not limited to, an allocable share of the salaries of the City staff directly related to the foregoing, a proportionate amount of City general administrative overhead related to the foregoing, and 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, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure) and the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder and in any way related to the administration of the CFD and all actual costs and expenses incurred in connection with the administration of the Bonds.

“Administrative Expenses Cap” means (i) for fiscal year 2017-18, \$35,000 and (ii) for each subsequent year, an amount equal to the preceding fiscal year’s Administrative Expenses Cap plus an additional 2% of such amount.

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

“Authority” means the Roseville Finance Authority.

“Authority Bonds” means any bonds outstanding under the Authority Indenture, which are secured in part by payments made on the Bonds.

“Authority Indenture” means that certain Indenture of Trust, dated as of _____ 1, 2017, between the Authority and the Authority Trustee, pursuant to which the Authority Bonds are issued.

“Authority Trustee” means The Bank of New York Mellon Trust Company, N.A. or any successor thereto appointed pursuant to the Authority Indenture.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, 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 and its affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association will be rated in the highest short-term rating category by any Rating Agency or (ii) such demand or time deposits will be fully insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated at the time of purchase 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 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 each such 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) obligations issued by any corporation organized and operating within the United States of America having assets in excess of Five Hundred Million Dollars (\$500,000,000), which obligations are rated A or better by any Rating Agency;

(h) 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 rating category by any Rating Agency;

(i) any investment agreement, repurchase agreement or other investment instrument which represents the general unsecured obligations of a bank, investment banking firm or other financial institution whose long-term obligations are rated at the time of the delivery of the investment agreement, repurchase agreement or other investment instrument A or better by any Rating Agency; and

(j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California that invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended (California Asset Management Program); and

(k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code.

“Authorized Representative of the City” means the Mayor, City Manager, Chief Financial Executive, Treasurer, Finance Director, City Attorney or City Clerk, or any other person or persons designated by a written certificate signed on behalf of the City by the City Manager or Finance Director of the City and containing the specimen signature of each such person.

“Authorizing Documents” means this Fiscal Agent Agreement, the Bonds and any additional or supplemental agreement executed in connection with the Bonds.

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

“Bond Register” means the books which the Fiscal Agent will keep or cause to be kept on which the registration and transfer of the Bonds will be recorded.

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

“Bonds” means the Bonds issued hereunder, including the \$_____ City of Roseville Stone Point Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2017.

“Bond Year” means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which will be the period from the Closing Date to September 1, 2017, both dates inclusive.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or the city where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.

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

“CFD” means City of Roseville Stone Point Community Facilities District No. 1 established pursuant to the Act and the Resolution of Formation.

“City” means the City of Roseville, a municipal corporation and general law city duly established and existing under the Constitution and laws of the State of California.

“Closing Date” means 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, being _____, 2017.

“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 Closing Date, together with applicable temporary and final regulations promulgated, and applicable official guidance published, under the Code.

“Costs of Issuance” will have the meaning set forth in the Authority Indenture.

“Costs of Issuance Fund” will have the meaning set forth in the Authority Indenture.

“Delivery Date” means the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A.

“Escrow Agreement” means the Escrow Agreement dated as of _____ 1, 2017, among the City, the Authority and the Escrow Agent.

"Escrow Fund" means the CFD 1 Escrow Account established pursuant to the Escrow Agreement.

"Fair Market Value" means, with respect to any investment, the price at which a willing buyer would purchase such 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 Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the 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 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 Authority and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"Federal Securities" means any of the following:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation).
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
 - U.S. treasury obligations
 - All direct or fully guaranteed obligations
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA)
 - State and Local Government Series

"Finance Director" means the official of the City, or such official's designee, who acts in the capacity as the chief financial officer of the City, including the controller or other financial officer.

"Fiscal Agent" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, at its principal corporate trust office in Seattle, Washington, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

"Fiscal Agent Agreement" means this Fiscal Agent Agreement, together with any Supplemental Agreement approved pursuant to Article 6.

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

“Gross Taxes” means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, 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. “Gross Taxes” does not include any penalties collected in connection with delinquent Special Taxes or any interest in excess of the interest due on the Bonds.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the City, who, or each of whom:

- (1) is in fact independent and not under the domination of the City;
- (2) does not have any substantial interest, direct or indirect, in the City; and
- (3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2018; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next preceding such date.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds by adding the following for each Bond Year:

- (1) the principal amount of all Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and
- (2) the interest payable on the aggregate principal amount of all Bonds Outstanding in such Bond Year if the Bonds are retired as scheduled.

“Net Taxes” means Gross Taxes minus the Administrative Expenses in an amount not to exceed the Administrative Expenses Cap.

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

“Outstanding” or “Outstanding Bonds” means all Bonds theretofore issued by the City, except:

- (1) Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 9.4;
- (2) Bonds for payment or redemption of which monies will have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in this Fiscal Agent Agreement or any applicable Supplemental Agreement; and

(3) Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 or for which a replacement has been issued pursuant to Section 2.10.

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

“Prepayments” means any amounts paid by the City to the Fiscal Agent and designated by the City as a prepayment of Special Taxes for one or more parcels in the CFD made in accordance with the Rate and Method of Apportionment of Special Taxes attached to the Resolution of Formation.

“Principal Office of the Fiscal Agent” means the office of the Fiscal Agent located in located in Seattle, Washington, or such other office or offices as the Fiscal Agent may designate from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Prior Bonds” means the City of Roseville Stone Point Community Facilities District No. 1 Special Tax Bonds, Series 2003 issued in the original principal amount of \$11,285,000.

“Prior Bonds Fiscal Agent” means The Bank of New York Mellon Trust Company, N.A., as fiscal agent with respect to the Prior Bonds under the Prior Bonds Fiscal Agent Agreement.

“Project” means those items described as “Facilities” in the Resolution of Formation.

“Rating Agency” means Standard & Poor’s or, in the event that Standard & Poor’s no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor’s or other nationally recognized rating agency then maintains a rating on the Bonds.

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

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

“Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company, provided that all of the following requirements are met:

(a) the long-term credit rating of such bank or insurance company from either Moody’s Ratings Services or Standard & Poor’s is “AA” category or better at the time of purchase (without regard to numerical or other modification);

(b) such letter of credit or surety bond has a term of at least 12 months;

(c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 3.6; and

(d) the Fiscal Agent is authorized under such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required hereunder.

“Reserve Requirement” means as of any date of calculation, an amount equal to the least of: (i) Maximum Annual Debt Service on the Outstanding Bonds; (ii) 10% of the initial principal amount of the Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds; provided that, if the Reserve Account is funded with cash, the “Reserve Requirement” may not exceed an amount that, pursuant to the Code, may be borrowed and invested at an unrestricted yield when all debt service reserve accounts maintained with respect to all bonds (including the Bonds) issued in conjunction with the Authority Bonds are taken into consideration and, in such event, the “Reserve Requirement” shall automatically be adjusted downward to the level that meets the requirements of the Code.

“Resolution of Formation” means Resolution No. 03-84, adopted by the City Council of the City on February 19, 2003, establishing the CFD for the purpose of providing for the financing of certain public facilities in and for the CFD.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedule set forth in Section 4.1(b).

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

“Special Taxes” means the taxes authorized to be levied by the City on property within the CFD in accordance with the Resolution of Formation, the Act and the voter approval obtained at an election in the CFD.

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

“Supplemental Agreement” means any Supplemental Agreement amending or supplementing this Fiscal Agent Agreement.

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

“Term Bonds” means the Bonds subject to mandatory sinking fund redemption.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance and Purpose of Bonds. Under and pursuant to the Act, the City of Roseville Stone Point Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2017 in the aggregate principal amount of \$_____ will be issued for the purposes of refunding and defeasing the Prior Bonds, funding a reserve fund and funding a portion of the Costs of Issuance.

Section 2.2. Type and Nature of Bonds. Subject to the provisions of Section 8.1, the Bonds will be secured by a first lien on and pledge of all the Net Taxes and amounts in the Special Tax Fund. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof other than the City is pledged to the payment of the Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general obligations of the City, but are limited obligations of the City payable solely from certain amounts deposited by the City in the Special Tax Fund, as more fully described herein. The City's limited obligation to pay the principal of, premium, if any, and interest on the Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds may compel the exercise of the taxing power by the City (except the Special Taxes) or the forfeiture of any of its property. The principal of and interest on the Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the City's property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund which are, under the terms of this Fiscal Agent Agreement and the Act, set aside for the payment of the Bonds and interest thereon and neither the members of the City Council of the City nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

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

Section 2.3. Equality of Bonds and Pledge of Net Taxes. Pursuant to the Act and this Fiscal Agent Agreement, the Bonds will be equally secured by a pledge of and payable from the Net Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and premiums upon the redemption thereof, will be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds. Amounts in the Special Tax Fund will constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon remain Outstanding will not be used for any other purpose, except as permitted by this Fiscal Agent Agreement or any Supplemental Agreement. Notwithstanding any provision contained in this Fiscal Agent Agreement to the contrary, Net Taxes deposited in the Surplus Fund will no longer be considered to be pledged to

the Bonds, and none of the Surplus Fund, or amounts for Administrative Expenses retained by the City will be construed as a trust fund held for the benefit of the Owners.

Nothing in this Fiscal Agent Agreement or any Supplemental Agreement will preclude; (a) the redemption prior to maturity of any Bonds subject to call and redemption and payment of said Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained herein, of bonds to refund a portion of the Bonds with bonds payable from Net Taxes on parity to Bonds remaining outstanding.

Section 2.4. Description of Bonds; Interest Rates. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds of each issue will be numbered as desired by the Fiscal Agent.

The Bonds will be designated "CITY OF ROSEVILLE STONE POINT COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX REFUNDING BONDS, SERIES 2017." The Bonds will be dated as of their Delivery Date and will mature and be payable on September 1 in the years and in the aggregate principal amounts and will be subject to and will bear interest at the rates set forth in the table below, payable on March 1, 2018 and each Interest Payment Date thereafter:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
--	-----------------------------------	--

Interest will be payable on each Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that Bond has been paid; provided, however, that if at the maturity date of any Bond funds are available for the payment or redemption thereof in full, in accordance with the terms of this Fiscal Agent

Agreement, such Bonds will then cease to bear interest. Interest due on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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

Section 2.6. Form of Bonds. The Bonds and the certificate of authentication will be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such Bonds and of the certificate of authentication.

Notwithstanding any provision in this Fiscal Agent Agreement to the contrary, the City may, in its sole discretion, elect to issue the Bonds in book entry form.

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

Section 2.7. Execution and Authentication. The Bonds will be signed on behalf of the City by the manual or facsimile signature of the Finance Director and by the manual or facsimile signature of the City Clerk, or any duly appointed deputy City Clerk, in their capacity as officers of the City, and the seal of the City (or a facsimile thereof) will be impressed, imprinted,

engraved or otherwise reproduced thereon, and attested by the signature of the City Clerk. In case any one or more of the officers who will have signed or sealed any of the Bonds will cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds will nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

Only the Bonds as will bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto will be entitled to any right or benefit under this Fiscal Agent Agreement, and no Bond will be valid or obligatory for any purpose until such certificate of authentication will have been duly executed by the Fiscal Agent.

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

The City and the Fiscal Agent may treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of that Bond for any and all purposes, and the City and the Fiscal Agent will not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It will be the duty of the Bondowner to give written notice to the Fiscal Agent of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

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

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

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond will become mutilated, the City will execute, and the Fiscal Agent will authenticate and deliver, a new Bond of like tenor, date, issue and maturity 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 will be cancelled by the Fiscal Agent pursuant to Section 9.4. If any Bond will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if any indemnity satisfactory to the Fiscal Agent will be given, the City will execute and the Fiscal Agent will authenticate and deliver, a new Bond of like tenor, maturity and issue, numbered and dated as the Fiscal Agent will determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be mutilated, lost, destroyed or stolen, will be equally and proportionately entitled to the benefits with all other Bonds issued hereunder. The Fiscal Agent will not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond will be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bonds

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds will not be affected in any way by any defect in any proceedings taken by the City for the refunding of the Prior Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Act and other applicable laws of the State will be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds.

(a) Creation of Funds. There is hereby created and established and will be maintained by the Fiscal Agent the following funds and accounts:

(1) The Community Facilities District No. 1 Special Tax Fund (the "Special Tax Fund") (in which there will be established and created an Interest Account, a Principal Account, a Redemption Account, and a Reserve Account); and

(2) The Community Facilities District No. 1 Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts will be held by the Fiscal Agent and the Fiscal Agent will invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and will disburse investment earnings thereon in accordance with the provisions of Section 3.8.

(b) Application of Proceeds. Proceeds received from the Authority Trustee or deemed to have been received from the Authority Trustee from the sale of the Bonds to the Authority Trustee in the amount of \$_____ (being 100% of the aggregate principal amount thereof (\$_____) plus a net original issue premium of \$_____), which includes the amount of \$_____ (which is the amount of the compensation to be paid from proceeds of the Bonds to the underwriter of the Authority Bonds, which will be deemed to have been received from the Authority Trustee), will be deposited or transferred on the Delivery Date as follows:

(i) \$_____ of the proceeds of the sale of the Bonds will be received by the Fiscal Agent and deposited into the Escrow Fund to be used to redeem the Prior Bonds pursuant to the terms of the Escrow Agreement.

(ii) \$_____ of the proceeds of the sale of the Bonds will be received by the Fiscal Agent and deposited into the Reserve Account of the Special Tax Fund.

(iii) \$_____ of the proceeds of the sale of the Bonds representing the portion of the Costs of Issuance allocable to the Bonds will be deemed to have been received from the Authority Trustee and will be deposited by the Authority Trustee into the Cost of Issuance Fund.

(iv) \$_____ will be deemed to have been received from the Authority Trustee and paid by the City to the underwriter of the Authority Bonds.

The Fiscal Agent may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

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

(a) Except for the portion of any Prepayment to be deposited to the Redemption Account as specified in a Certificate of an Authorized Representative of the City, and the Fiscal Agent will, on each date on which the Net Taxes are received from the City (pursuant to Section 5.2(a)), deposit the Net Taxes in the Special Tax Fund to be held in trust for the Owners. The Fiscal Agent will transfer the Net Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) The Interest Account of the Special Tax Fund;
- (2) The Principal Account of the Special Tax Fund;
- (3) The Redemption Account of the Special Tax Fund;
- (4) The Reserve Account of the Special Tax Fund; and
- (5) The Surplus Fund.

Section 3.3. [Reserved]

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds until maturity, other than principal due upon redemption, will be paid by the Fiscal Agent from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds will be made when due, at least three Business Days prior to each March 1 and September 1, the Fiscal Agent will transfer from the Special Tax Fund, first to the Interest Account and then to the Principal Account, the amount required to pay interest on and principal of the Bonds on the immediately succeeding March 1 or September 1; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then the Fiscal Agent shall give notice to the Authority Trustee at least three Business Days prior to such applicable Interest Payment Date and any deficiency shall be made up by transfers from the Reserve Account to the extent available.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Interest Account and the Principal Account of the Special Tax Fund as required by Section 3.4, the Fiscal Agent will next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account equal the amount of Sinking Fund Payments due on the Bonds on the next September 1. For the purpose of assuring that the payment of Sinking Fund Payments on the Bonds will be made when due, at least three Business Days prior to each September 1, the Fiscal Agent will transfer from the Special Tax Fund to the Redemption Account, the amount required to pay the Sinking Fund Payment on the immediately succeeding September 1; provided, however, that to the extent that deposits have been made in the Redemption Account from other sources, the transfer from the Special Tax Fund need not

be made and provided, further, that, if amounts in the Redemption Account (exclusive of the Reserve Account) are inadequate to make the foregoing transfer, then the Fiscal Agent shall give notice to the Authority Trustee at least three Business Days prior to such applicable September 1 and any deficiency shall be made up by transfers from the Reserve Account to the extent available. Moneys so deposited in the Redemption Account will be used and applied by the Fiscal Agent to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedule set forth in Section 4.1(b).

(b) After making the deposits to the Interest Account and the Principal Account of the Special Tax Fund pursuant to Section 3.4 above and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (a) of this Section, and in accordance with the City's election to call Bonds for optional redemption as set forth in Section 4.1(a), the Fiscal Agent will transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

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

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

Section 3.6. Reserve Account of the Special Tax Fund. There will be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement, which may be in the form of a Reserve Account Credit Instrument. Amounts in the Reserve Account (or draws on a Reserve Account Credit Instrument) will be applied as follows:

(a) Moneys in the Reserve Account will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds when due, the

Fiscal Agent will withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.4 and 3.5 above, the Fiscal Agent will transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the City elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund will be deemed available for transfer to the Reserve Account only if the Fiscal Agent determines that such amounts will not be needed to make the deposits required to be made to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the City will include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c), or a partial defeasance of Bonds in accordance with Section 8.1, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The City will set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to Section 8.1(c) to partially defease Bonds, and the Fiscal Agent will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds in the final Bond Year for such issue.

(e) If the Reserve Account is at any time funded in whole or in part with cash, the City may at any time release any cash or investments on deposit from the Reserve Account, in whole or in part, by tendering to the Fiscal Agent: (1) a Reserve Account Credit Instrument, and (2) an opinion of Bond Counsel stating that such release will not, of itself, cause the interest on the Bonds or the Authority Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, the Fiscal Agent will transfer such funds from the Reserve Account to or upon the direction of the City.

If the Reserve Account is funded with a combination of cash and a Reserve Account Credit Instrument, the Fiscal Agent will deplete all cash balances before drawing on the Reserve Account Credit Instrument. With regard to replenishment, any available moneys provided by the City will be used first to reinstate the Reserve Account Credit Instrument and second, to replenish the cash in the Reserve Account.

Section 3.7. Surplus Fund. After making the transfers required by Sections 3.4, 3.5 and 3.6, as soon as practicable after each September 1, and in any event prior to each October 1, the Fiscal Agent will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative of the City directing that certain amounts be retained in the Special Tax Fund

because the City has assumed such amounts would be available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b).

Moneys deposited in the Surplus Fund will be transferred by the Fiscal Agent at the direction of an Authorized Representative of the City as follows:

- (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 in the event that moneys in the Special Tax Fund and the Reserve Account are insufficient therefor,
- (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement,
- (iii) to the City to pay additional Administrative Expenses, and
- (iv) 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.

Section 3.8. Investments. Moneys held in any of the Funds, Accounts and Subaccounts under this Fiscal Agent Agreement will be invested at the written direction of the City in accordance with the limitations set forth below only in Authorized Investments which will be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments will be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on amounts deposited in the Special Tax Fund and the Surplus Fund, and each Account therein, will be deposited in those respective Funds and Accounts.

Moneys in the Funds, Accounts and Subaccounts held under this Fiscal Agent Agreement may be invested by the Fiscal Agent as directed in writing by the City, from time to time, in Authorized Investments subject to the following restrictions:

- (a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund will be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.
- (b) Monies in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.
- (c) In the absence of written investment directions from the City, the Fiscal Agent will invest solely in Authorized Investments specified in clause (h) of the definition thereof. The Fiscal Agent will be entitled to rely upon any investment directions from the Authority as conclusive certification to the Fiscal Agent that the investments described therein are so authorized under the laws of the State of California and qualify as Authorized Investments.

The Fiscal Agent will sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts will be valued at their cost. In making any valuations hereunder, the Fiscal Agent may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Fiscal Agent will not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Fiscal Agent Agreement.

The Fiscal Agent may act as principal or agent in the making or disposing of any investment. The Fiscal Agent may sell, or present for redemption, any Authorized Investment so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 7.4, the Fiscal Agent will not be liable or responsible for any loss resulting from such investment. For investment purposes, the Fiscal Agent may commingle the funds and accounts established hereunder, but will account for each separately.

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 include detail for all investment transactions made by the Fiscal Agent hereunder.

Section 3.9. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. The Fiscal Agent has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the City. For purposes of this Section 3.9, the term "Fair Market Value" shall mean 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 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 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 Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Account will be valued at their present value (within the meaning of section 148 of the Code).

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption.

The Bonds maturing on and before September 1, _____, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, _____, may be redeemed, at the option of the City, from any source of funds on any date on or after September 1, _____, in whole, or in part and by lot, at a redemption price equal to the principal amount to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Notwithstanding the foregoing, with the redemption price may include a premium if necessary, based on the certificate of an Independent Financial Consultant as set forth in Section 4.6, to redeem the corresponding portion of the Authority Bonds.

In the event the City elects to redeem Bonds as provided above, the City will give written notice to the Fiscal Agent of its election to so redeem, the redemption date and the principal amount of the Bonds to be redeemed. The notice to the Fiscal Agent will be given at least 45 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Fiscal Agent, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, _____, are subject to redemption prior to their stated maturity, in part, by lot from amounts deposited into the Redemption Account in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Term Bonds optionally redeemed:

Mandatory Redemption Dates (September 1)	Sinking Fund Payment
---	-------------------------

* Maturity

(c) Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date, and will be redeemed by the Fiscal Agent, from Prepayments deposited to the Redemption Account, plus amounts transferred from the Reserve Account, at a redemption price equal to the principal amount to be redeemed, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest thereon to the date of redemption.

<u>Redemption Date</u>	<u>Redemption Premium</u>
On or after _____, through _____	3%
September 1, _____ and March 1, _____	2
September 1, _____ and March 1, _____	1
September 1, _____ and thereafter	0

Notwithstanding the foregoing, with the redemption price may include an additional premium if necessary, based on the certificate of an Independent Financial Consultant as set forth in Section 4.6, to redeem the corresponding portion of the Authority Bonds.

The provisions of Section 3.5(d) will govern the City's right to use moneys in the Redemption Account to purchase Bonds rather than redeem Bonds.

Section 4.2. Selection of Bonds for Redemption. If fewer than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Fiscal Agent will treat such Bonds as representing that number of Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bonds to be redeemed in part by \$5,000. The Fiscal Agent will promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds are due for redemption under Section 4.1 above, the Fiscal Agent will give notice, in the name of the City, of the redemption of such Bonds. The City may instruct the Fiscal Agent to specify in the redemption notice that such redemption may be subject to receipt of funds sufficient to accomplish the redemption. Such notice of redemption will (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as will be specified by the Fiscal Agent. Such notice will further state that on the date fixed for redemption, there will become due and payable on each Bond, or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent will mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption will not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided will be conclusive as against all parties and the Owner will not be entitled to show that he or she failed to receive notice of such redemption.

Any such redemption notice may specify that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption, 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.

In addition to the foregoing notice, further notice will be given by the Fiscal Agent as set out below, but only if the Bonds are not owned by the Authority at the time the notice of redemption is given pursuant to this Section 4.3, provided that no defect in said further notice

nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

At such time as the Bonds are not owned by the Authority, notice of redemption will be sent at least two days before notice of redemption is mailed to the Bondowners pursuant to the first paragraph of this Section by registered or certified mail or overnight delivery service to the Municipal Securities Rulemaking Board.

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

Section 4.4. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the City will execute and the Fiscal Agent will authenticate and deliver to the Bondowner, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity.

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

(a) The Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Fiscal Agent Agreement, anything in this Fiscal Agent Agreement or in the Bonds to the contrary notwithstanding;

(b) Upon presentation and surrender thereof at the office of the Fiscal Agent, the redemption price of such Bonds will be paid to the Owners thereof;

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

(d) As of the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of this Fiscal Agent Agreement, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Section 4.6. Certification of Independent Financial Consultant. The City will not be authorized to redeem Bonds pursuant to Section 4.1(a) or 4.1(c) unless it has provided the Fiscal Agent with a certificate of an Independent Financial Consultant to the effect that the proposed redemption, assuming a corresponding redemption of the Authority Bonds, and assuming continuing payment of Special Taxes by property owners not then in default (and non-payment of property owners then in default), will not adversely impact the availability of Revenues (as defined in the Authority Indenture) in an amount sufficient to pay debt service on the Authority Bonds, as scheduled. In the event the Independent Financial Consultant is unable to provide such certificate, the redemption premium will be the amount that will be sufficient to enable the Independent Financial Consultant to deliver the required certificate.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Warranty. The City will preserve and protect the security pledged hereunder to the Bonds against all claims and demands of all persons.

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

(a) Punctual Payment; Against Encumbrances. The City covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Finance Director to deposit all Special Taxes in a distinct account of the City immediately upon their apportionment to the City, and the City will have no beneficial right or interest in the amounts so deposited except as provided by this Fiscal Agent Agreement. All such Special Taxes will be disbursed, allocated and applied solely to the uses and purposes set forth herein, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the City. The City may semi-annually transfer from the Special Taxes so held an amount equal to one-half of the Administrative Expenses Cap as necessary to make timely payment of Administrative Expenses.

Not later than three (3) Business Days prior to each Interest Payment Date, the Finance Director shall withdraw an amount of Net Taxes from the account in which they are held and transfer: (i) to the Fiscal Agent for deposit in the respective accounts of the Special Tax Fund an amount, taking into account any amounts then on deposit in the respective accounts of the Special Tax Fund, such that the amount in the Interest Account, Principal Account and Redemption Account equals the principal, premium, if any, and interest due, and sinking fund payments, if any, on the Bonds on the next Interest Payment Date and (ii) to the Fiscal Agent for deposit in the Reserve Account, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement. At such time as deposits to the Special Tax Fund equal the principal, premium, sinking fund payments, if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the Reserve Account balance to the Reserve Requirement, the amount in the Special Tax Fund in excess of such amount shall be available to the City to pay Administrative Expenses in excess of the Administrative Expense Cap; provided, however, that as soon as practicable after the receipt by the City of any prepayments of Special Taxes, but no later than ten (10) Business Days after such receipt, the City shall transfer such prepayments to the Fiscal Agent for deposit into the respective accounts of the Special Tax Fund to be used for the redemption of Bonds.

The City covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with this Fiscal Agent Agreement to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds and this Fiscal Agent Agreement,

and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Fiscal Agent Agreement and of the Bonds issued hereunder.

The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in this Fiscal Agent Agreement, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds (except parity bonds may be issued to refund a portion of the Bonds). Nothing herein will prevent the City from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects, including security and payment, to the pledge and payment of Net Taxes to (i) repay the Bonds, and (ii) replenish the Reserve Account.

(b) Levy of Special Tax. The City will comply with all requirements of the Act so as to assure the timely collection of Gross Taxes, including without limitation, the enforcement of delinquent Special Taxes.

(i) *Processing.* On or within five (5) Business Days of each June 1, the Fiscal Agent will provide the Finance Director with a notice stating the amount then on deposit in the Special Tax Fund and the other funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement, whether or not amounts need to be deposited into the Reserve Account to increase the amounts on deposit therein to the Reserve Requirement, and informing the City that the Special Taxes need to be levied under the Ordinance as necessary to provide for the Special Tax Requirement (as defined in clause (iv) below). The receipt of or failure to receive such notice by the Finance Director will in no way affect the obligations of the Finance Director under the following two paragraphs and the Fiscal Agent will not be liable for failure to provide such notice to the Finance Director. Upon receipt of such notice, the Finance Director will 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.

(ii) *Levy.* The Finance Director will 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 the 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 Finance Director will prepare or cause to be prepared, and will 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.

(iii) *Computation.* The Finance Director will fix and levy the amount of Special Taxes within the CFD in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (A) the principal of and interest on the Bonds when due, (B) the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year and (C) any amounts required to replenish the Reserve Account to the Reserve Requirement (the “**Special Tax Requirement**”), taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied will not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

(iv) *Collection.* The Special Taxes will 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.

(c) Commence Foreclosure Proceedings. Under the Act, the City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Finance Director will notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney will commence, or cause to be commenced, such proceedings.

On or about October 1 of each Fiscal Year, the Finance Director will compare the amount of Special Taxes theretofore levied in the prior Fiscal Year in the CFD to the amount of Gross Taxes theretofore received by the City, and:

(i) *Individual Delinquencies.* If the Finance Director determines that any single parcel subject to the Special Tax in the CFD is delinquent in the payment of Special Taxes cumulatively by more than \$2,000 or more, then the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 60 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 120 days of such determination. [**For Stone Point CFD No. 5: \$2,500**]

(ii) *Aggregate Delinquencies.* If the Finance Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire CFD (including the total of delinquencies under subsection (i) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the City will notify or cause to be notified 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 will commence foreclosure proceedings within 120 days of such determination against each parcel of land in the CFD with a Special Tax delinquency.

Notwithstanding the foregoing, the City may determine not to initiate foreclosure proceedings if (a) the amount in the Reserve Account is equal to the Reserve Requirement, and (b) there have been no defaults in the payment of debt service on the Bonds.

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

(e) Books and Accounts. The City will keep proper books of records and accounts, separate from all other records and accounts of the City, in which complete and correct entries will be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts will at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than

10% of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(f) Maintenance of Special Taxes. The City covenants and agrees to not consent to or conduct proceedings with respect to a reduction in the Special Taxes that may be levied in the CFD below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due and payable with respect to the Bonds in such Fiscal Year, plus 100% of the City's reasonable estimate of Administrative Expenses for such Fiscal Year; provided, however, that the City may at any time reduce the Special Taxes to the extent that the amount of Special Taxes that would result from levying the Special Taxes at such maximum amounts would result in an amount of Special Taxes in excess of the amount required to comply with such covenant.

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

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

(j) Further Assurances. The City will make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Fiscal Agent Agreement and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Fiscal Agent Agreement.

(k) Tax Covenants. The City covenants as follows:

(i) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Bonds are not so used as to cause the Authority Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(ii) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Authority Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(iii) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Authority Bonds.

(iv) *No Arbitrage.* The City will not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Bonds which, if

such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Authority Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(v) *Maintenance of Tax-Exemption.* The City will take all actions necessary to assure the exclusion of interest on the Authority Bonds from the gross income of the Owners of the Authority Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Authority Bonds. In addition, the City will not take any action or fail to take any action if the action or failure adversely affect the exclusion of interest on the Prior Bonds from the gross income of the owners of the Prior Bonds to the same extent as such interest was permitted to be excluded from gross income for federal income tax purposes on the date of issuance of the Prior Bonds.

(vi) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(vii) *Compliance with Tax Certificate.* The City will comply with the provisions of the Tax Certificate and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

(l) Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default; however, the Original Purchaser of the Authority Bonds and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

(m) State Reporting Requirements. The following requirements will apply to the Bonds, in addition to those requirements under the preceding clause (l):

(i) *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 Finance Director will cause the following information to be supplied to CDIAC: (i) the principal amount of the Bonds Outstanding; (ii) the balance in the Reserve Account; (iii) the amount of any capitalized interest funded from the proceeds of the Bonds and the amount thereof used for payment of the Bonds; (iv) 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; (v) the balance in any improvement fund, if applicable; and (vi) the assessed value of all parcels in the CFD subject to the levy of the Special Taxes as shown in the most recent equalized roll. The annual reporting will be made using such form or forms as may be prescribed by CDIAC.

(ii) *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 Account to pay principal and interest on the Bonds, the Fiscal Agent will notify the Finance Director of such failure or withdrawal in writing. The Finance Director will notify CDIAC and the Original Purchaser of the Authority Bonds of such failure or withdrawal within 10 days of such failure or withdrawal.

(iii) *Amendment.* The reporting requirements of this clause (m) may be amended from time to time, without action by the City or the Fiscal Agent, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. The Finance Director will provide the Fiscal Agent with a copy of any such amendment. Notwithstanding the foregoing, any such amendment will not, in itself, affect the City's obligations under Section 4 of the Continuing Disclosure Certificate.

(iv) *No Liability.* None of the City and its officers, agents and employees, the Finance Director or the Fiscal Agent will be liable for any inadvertent error in reporting the information required by this clause (m).

ARTICLE VI

AMENDMENTS TO FISCAL AGENT AGREEMENT

Section 6.1. Supplemental Agreements or Orders Not Requiring Bondowner Consent. The City may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Agreements for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Fiscal Agent Agreement or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

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

(c) to provide for the issuance of any parity bonds to refund a portion of the Bonds, and to provide the terms and conditions under which such bond may be issued, subject to and in accordance with the provisions of this Fiscal Agent Agreement;

(d) to modify, amend or supplement this Fiscal Agent Agreement in such manner as to permit the qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which will not materially adversely affect the interests of the Owners of the Bonds then Outstanding; or

(e) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the CFD to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year plus Administrative Expenses with respect to the Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners; or

(g) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Authority Bonds.

Section 6.2. Supplemental Agreements or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Agreements described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding will have the right to consent to and approve the adoption by the City of such Supplemental Agreements as will be deemed necessary or desirable by the City for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Fiscal Agent Agreement; provided, however, that nothing herein will permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any

Bond or the rate of interest thereon, (c) a preference or priority of any Bond over any other Bond, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Agreement, without the consent of the Owners of all Bonds then Outstanding.

If at any time the City will desire to adopt a Supplemental Agreement, which pursuant to the terms of this Section will require the consent of the Bondowners, the City will so notify the Fiscal Agent and will deliver to the Fiscal Agent a copy of the proposed Supplemental Agreement. The Fiscal Agent will, at the expense of the City, cause notice of the proposed Supplemental Agreement to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice will briefly set forth the nature of the proposed Supplemental Agreement and will state that a copy thereof is on file at the office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice will not affect the validity of such Supplemental Agreement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent will receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding, which instrument or instruments will refer to the proposed Supplemental Agreement described in such notice, and will specifically consent to and approve the adoption thereof by the City substantially in the form of the copy referred to in such notice as on file with the Fiscal Agent, such proposed Supplemental Agreement, when duly adopted by the City, will thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Agreement, Bonds which are owned by the City or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the City, will be disregarded and will be treated as though they were not Outstanding for the purpose of any such determination.

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

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

ARTICLE VII

FISCAL AGENT

Section 7.1. Fiscal Agent. The Bank of New York Mellon Trust Company, N.A. will be the Fiscal Agent for the Bonds unless and until another Fiscal Agent is appointed by the City hereunder. The City may, at any time, appoint a successor Fiscal Agent satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the City is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Fiscal Agent Agreement.

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

The Fiscal Agent is hereby authorized to redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent will cancel all Bonds upon payment thereof in accordance with the provisions of Section 9.4.

The City will from time to time, subject to any agreement between the City and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Fiscal Agent, its officers, directors, employees and agents, harmless against costs, claims, expenses (including legal fees and expenses) and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the City to indemnify the Fiscal Agent will survive the removal or resignation of the Fiscal Agent or the discharge of the Bonds.

Section 7.2. Removal of Fiscal Agent. The City may at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor will be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. Any removal will become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank, national banking association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank, national banking association or trust company will be deemed to be its combined capital and surplus as set forth in its most

recent report of condition so published. Any removal of the Fiscal Agent and appointment of a successor Fiscal Agent will become effective only upon acceptance of appointment by the successor Fiscal Agent and notice being sent by the successor Fiscal Agent to the Bondowners of the successor Fiscal Agent's identity and address.

Section 7.3. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice of such resignation, which notice will be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the City will promptly appoint a successor Fiscal Agent satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent will become effective only upon acceptance of appointment by the successor Fiscal Agent.

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

Section 7.4. Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds will be taken as statements, promises, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Fiscal Agent Agreement, the Bonds, and will incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent will be under no responsibility or duty with respect to the issuance of the Bonds for value. The Fiscal Agent will not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

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

The Fiscal Agent will 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 Fiscal Agent Agreement the Fiscal Agent will 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 bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the City, and such certificate will be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Fiscal Agent Agreement upon the faith thereof, but in its discretion the

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

The Fiscal Agent will have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability will be limited to the proper accounting for such funds as it will actually receive. No provision in this Fiscal Agent Agreement will 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 its rights or powers.

The Fiscal Agent will not be deemed to have knowledge of any default or event of default until an officer at the Fiscal Agent's corporate trust office responsible for the administration of its duties hereunder will have actual knowledge thereof or the Fiscal Agent will have received written notice thereof at its corporate trust office.

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

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to this Fiscal Agent Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Fiscal Agent will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent acts upon such instructions, the Fiscal Agent's understanding of such instructions will be deemed controlling. The Fiscal Agent will not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction.

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

The Fiscal Agent may execute any of the trusts or powers and perform the duties required of it hereunder either directly or by or through attorneys or agents and will not be liable for the acts or omissions of such attorneys or agents appointed with due care.

The Fiscal Agent will not be concerned with or accountable to anyone for the subsequent use or application of any moneys which will be released or withdrawn in accordance with the provisions.

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

The Fiscal Agent will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this Indenture unless such Owners will have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

Section 7.5. Merger or Consolidation. 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 will be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, will be the successor to the Fiscal Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

DEFEASANCE AND ADDITIONAL BONDS

Section 8.1. Defeasance. If the City will pay or cause to be paid, or there will otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Fiscal Agent Agreement or any Supplemental Agreement, then the Owner of such Bond will cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the City to the Owner of such Bond under this Fiscal Agent Agreement will thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds pursuant to this Section, the Fiscal Agent will execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent will pay over or deliver to the City's general fund all money or securities held by it pursuant to this Fiscal Agent Agreement which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds.

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

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond, 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 Special Tax Fund and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same will become due and payable; or

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

then, at the election of the City, and notwithstanding that any Outstanding Bonds will not have been surrendered for payment, all obligations of the City under this Fiscal Agent Agreement and any Supplemental Agreement with respect to such Bond will cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon. Notice of such election will be filed with the Fiscal Agent not fewer than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Fiscal Agent. In connection with a defeasance under (b) or (c) above, there will be provided to the City a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds to be defeased in accordance with this Section, as and when the same will become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that

the Bonds being defeased have been legally defeased in accordance with this Fiscal Agent Agreement and any applicable Supplemental Agreement.

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

Defeasance will be accomplished only with an irrevocable deposit in escrow of certain investments referred to in this section. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as scheduled on the Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

Section 8.2. No Additional Indebtedness. The City covenants not to issue additional obligations secured by a pledge of the Net Revenues equally and ratably with Bonds, except that the City may issue bonds secured on parity with the Bonds to refund a portion of the Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Remedies of Bondowners. Any Bondowner shall have the right for the equal benefit and protection of the all Bondowners similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce its rights against the City, or any of the officers or employees of the City, and to compel the City, or any such officers or employees to perform and carry out their duties under the Act and the agreements and covenants with the Bondowners contained herein;

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

(c) by suit in equity upon the nonpayment of the Bonds to require the City or its officers and employees to account as the trustee of an express trust.

Section 9.2. Non-Waiver. Nothing herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Bondowners of the Bonds at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds as provided herein, or shall affect or impair the right of such Bondowners, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by any Bondowner shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Bondowner to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Bondowners by the Act or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bondowners.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Bondowner, the City and such Bondowner shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 9.3. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bondowners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 9.4. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption will be upon payment therefor, and any Bond purchased by the City as authorized herein and delivered to the Fiscal Agent for such purpose will be, cancelled forthwith and will not be reissued. The Fiscal Agent will destroy such Bonds,

as provided by law, and, upon request of the City, furnish to the City a certificate of such destruction.

Section 9.5. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds will be sufficient for the purposes of this Fiscal Agent Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee will also constitute sufficient proof of his authority.

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

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

Section 9.6. Unclaimed Moneys. Anything in this Fiscal Agent Agreement to the contrary notwithstanding, any money held by the Fiscal Agent or the Fiscal Agent in trust for the payment and discharge of any of the Outstanding Bonds which remain unclaimed for two years after the date when such Outstanding Bonds have become due and payable, if such money was held by the Fiscal Agent or the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent or the Fiscal Agent after the date when such Outstanding Bonds become due and payable, will be repaid by the Fiscal Agent or the Fiscal Agent to the City, as its absolute property and free from trust, and the Fiscal Agent or the Fiscal Agent will thereupon be released and discharged with respect thereto and the Owners will look only to the City for the payment of such Outstanding Bonds; provided, however, that, before being required to make any such payment to the City, the Fiscal Agent at the written request of the City or the Fiscal Agent will, at the expense of the City, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date will not be fewer than

30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

Section 9.7. Provisions Constitute Contract. The provisions of this Fiscal Agent Agreement will constitute a contract between the City and the Bondowners and the provisions will be construed in accordance with the laws of the State of California.

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

After the issuance and delivery of the Bonds this Fiscal Agent Agreement will be irrevocable, but will be subject to modifications to the extent and in the manner provided in this Fiscal Agent Agreement, but to no greater extent and in no other manner.

Section 9.8. Future Contracts. Nothing herein contained will be deemed to restrict or prohibit the City from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the City or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

Section 9.9. 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 Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Fiscal Agent Agreement.

Section 9.10. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Fiscal Agent Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Fiscal Agent Agreement and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, will be deemed severable and will not be affected thereby, and this Fiscal Agent Agreement, the Bonds issued pursuant hereto will remain valid and the Bondowners will retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 9.11. Notices. . Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid in a post office letter box, by overnight courier or electronic means (with receipt confirmed by telephone) addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Roseville
311 Vernon Street
Roseville, California 95678
Attention: Treasurer or Finance Director

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by being

deposited postage prepaid in a post office letter box, by overnight courier or electronic means (with receipt confirmed by telephone) addressed (until another address is filed by the Fiscal Agent with the City) as follows:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, CA 90071
Attention: Corporate Trust Administration
Fax: (213) 630-6480

IN WITNESS WHEREOF, THE CITY OF ROSEVILLE, for and on behalf of its Stone Point Community Facilities District No. 1, has caused this Fiscal Agent Agreement to be signed by its Chief Financial Executive and City Clerk, and The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the duties hereunder, has caused this Fiscal Agent Agreement to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

CITY OF ROSEVILLE, for and on behalf of
its **STONE POINT COMMUNITY
FACILITIES DISTRICT NO. 1**

By: _____
Chief Financial Executive

ATTEST:

City Clerk

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

By: _____
Authorized Officer

EXHIBIT A

FORM OF SPECIAL TAX BOND, SERIES 2017

R-__ \$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF ROSEVILLE
STONE POINT COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BOND, SERIES 2017

INTEREST RATE: _____% **MATURITY DATE:** SEPTEMBER 1, _____, 2017 **DATED DATE:** _____, 2017 **CUSIP:** N/A

REGISTERED OWNER: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee under that certain Indenture of Trust dated as of _____ 1, 2017 between the Roseville Finance Authority and The Bank of New York Mellon Trust Company, N.A.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

THE CITY OF ROSEVILLE (the "City"), for and on behalf of City of Roseville Stone Point Community Facilities District No. 1 (the "CFD"), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Fiscal Agent 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 the Interest Payment Date (as hereinafter defined) next preceding the date of authentication, unless (i) the date of authentication is an Interest Payment Date in which event interest will be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest will be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond will be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing _____ 1, 2017, at the Interest Rate set forth above, until the Principal Amount is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Fiscal Agent (as such term is defined in the Fiscal Agent Agreement), initially The Bank of New York Mellon Trust Company, N.A. (the "Fiscal Agent"). Interest on this

Bond will be paid by check of the Fiscal Agent mailed, by first class mail, postage prepaid, or in certain circumstances described in the Fiscal Agent Agreement by wire transfer to an account within the United States of America, to the Registered Owner as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Fiscal Agent.

This Bond is one of a duly authorized issue of "City of Roseville Stone Point Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2017" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the "Act") for the purpose of refinancing outstanding Special Tax Refunding Bonds of the City and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City acting in its capacity as the legislative body of the CFD (the "Legislative Body") on June 24, 2017 and a Fiscal Agent Agreement executed in connection therewith (the "Fiscal Agent Agreement"), and this reference incorporates the Fiscal Agent Agreement herein, and by acceptance the Registered Owner of this Bond assents to said terms and conditions. The Fiscal Agent Agreement is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Fiscal Agent Agreement, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the CFD (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Fiscal Agent Agreement. Any amounts for the payment will be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund established under the Fiscal Agent Agreement, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The City has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Fiscal Agent Agreement it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

Optional Redemption. The Bonds maturing on and before September 1, _____, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, _____, may be redeemed, at the option of the City, from any source of funds on any date on or after September 1, _____, in whole, or in part and by lot, at a redemption price equal to the principal amount to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Notwithstanding the foregoing, with the redemption price may include a premium if necessary, based on the certificate of an Independent Financial Consultant, to redeem the corresponding portion of the Authority Bonds.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, _____, are subject to redemption prior to their stated maturity, in part, by lot from amounts deposited into the Redemption Account in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which

amounts will be proportionately reduced by the principal amount of all Term Bonds optionally redeemed:

Mandatory Redemption Dates (<u>September 1</u>)	Sinking Fund <u>Payment</u>
--	--------------------------------

* Maturity

Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date, and will be redeemed by the Fiscal Agent, from Prepayments deposited to the Redemption Account, plus amounts transferred from the Reserve Account, at a redemption price equal to the principal amount to be redeemed, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest thereon to the date of redemption.

<u>Redemption Date</u>	<u>Redemption Premium</u>
On or after _____, through _____	3%
September 1, _____ and March 1, _____	2
September 1, _____ and March 1, _____	1
September 1, _____ and thereafter	0

Notwithstanding the foregoing, with the redemption price may include an additional premium if necessary, based on the certificate of an Independent Financial Consultant, to redeem the corresponding portion of the Authority Bonds.

In lieu of applying amounts in the Redemption Account to redeem Bonds, an Authorized Representative of the City may instruct the Fiscal Agent to apply such amounts to purchase Bonds as set forth in the Fiscal Agent Agreement.

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

This Bond will be registered in the name of the Registered Owner, as to both principal and interest, and the City and the Fiscal Agent may treat the Registered Owner as the absolute owner for all purposes and will not be affected by any notice to the contrary.

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

registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Fiscal Agent will not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

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

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OR THE CFD FOR WHICH THE CITY OR THE CFD 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 CITY PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

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

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

IN WITNESS WHEREOF, the City of Roseville, for and on behalf of its City of Roseville Stone Point Community Facilities District No. 1 has caused this Bond to be dated as of _____, 2017, to be signed on behalf of the City by the Mayor by his facsimile signature and attested by the facsimile signature of the City Clerk.

CITY OF ROSEVILLE

Mayor

ATTEST:

City Clerk

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

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

Dated: _____, 2017

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

By: _____
Its: Authorized Officer

[FORM OF ASSIGNMENT]

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

_____ whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

_____ attorney to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution.

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