

**SUPPLEMENT TO RESOLUTION NO. 15-____
GOVERNING TERMS OF THE
SERIES A OF 2015 SPECIAL TAX BONDS OF
COMMUNITY FACILITIES DISTRICT NO. 2015-1
OF THE COUNTY OF ORANGE
(VILLAGE OF ESENCIA)**

_____, 2015

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SUPPLEMENT TO RESOLUTION NO. 15-___

THIS SUPPLEMENT TO RESOLUTION NO. 15-___ executed this ___ day of _____, 2015 governs the terms of the Series A of 2015 Special Tax Bonds of Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) and any Parity Bonds (as defined herein) issued in accordance herewith from time to time.

R E C I T A L S :

WHEREAS, the Board of Supervisors of the County of Orange, located in Orange County, California (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of the Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) (the “District”) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Act”); and

WHEREAS, the legislative body of the District intends to finance various Project Costs (as defined herein) through the issuance of bonds in an aggregate principal amount of \$_____ designated as the “Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) Series A of 2015 Special Tax Bonds” (the “Bonds”); and

WHEREAS, all requirements of the Act for the issuance of the Bonds have been satisfied;

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 District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

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

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

“Acquisition Agreement” means that certain Acquisition, Funding and Disclosure Agreement, dated as of _____, 2015 by and among the District, the County and RMV PA2 Development, LLC setting forth the conditions to the construction and acquisition of the Project and the expenditure of the proceeds of the Bonds, together with any amendments thereto.

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

“Administrative Expense Account” means the account by that name established pursuant to Section 3.1.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, or costs otherwise incurred by the County staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation, the fees and expenses of the Paying Agent and any fees for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance.

“Administrative Expenses Cap” means \$75,000 for Fiscal Year 2015-2016, increasing on July 1 of each year thereafter, commencing July 1, 2016, by an amount equal to two percent (2%) of the amount in effect for the prior Fiscal Year.

“Alternative Penalty Account” means the account by that name established pursuant to Section 3.1.

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

“Authorized Investments” means the Orange County Investment Fund, any investment authorized pursuant to Government Code Sections 16429.1, 53601 and 53635, any investment in the Orange County Investment Policy Statement then in effect or any investment included in 3.10(f) hereof.

“Authorized Representative of the County” means the County Executive Officer, or his or her written designee, or any other person or persons designated by the Board of Supervisors of the County and authorized to act on behalf of the County by a written certificate signed on behalf of the County by the Chairman of the Board of Supervisors and containing the specimen signature of each such person.

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

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

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

“Bonds” means the District’s Series A of 2015 Special Tax Bonds issued on _____, 2015 in the aggregate principal amount of \$_____.

“Bond Year” means the twelve month period commencing on August 16 of each year and ending on August 15 of the following year, except that the first Bond Year shall begin on the Delivery Date and end on the next August 15.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the Principal Corporate Trust Office of the Paying Agent is located, are not required or authorized to remain closed.

“Certificate of the County Executive Officer” means a written certificate or warrant request executed by the County Executive Officer, or another Authorized Representative of the County.

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

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Paying Agent, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and any Parity Bonds and fees of financial consultants and other fees and expenses set forth in a Certificate of the County Executive Officer.

“County” means the County of Orange, California.

“County Executive Officer” means the individual acting as the County Executive Officer or Interim County Executive Officer of the County.

“County Facilities Account” means the account by that name established pursuant to Section 3.1.

“Defeasance Securities” means Authorized Investments of the type described in paragraphs (1) and (2) of the definition thereof.

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

“Depository” shall mean The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Certificates, or any other securities depository acting as Depository under Article II hereof.

“District” means Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) established pursuant to the Act and the Resolution of Formation.

“EMMA” means the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board or any other electronic filing site designated by the Securities and Exchange Commission to receive filings pursuant to Rule 15c2-12.

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

“Fitch” means Fitch Ratings, Inc.

“Gross Taxes” means the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all

delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of this Resolution, but excluding any payment of Special Taxes on tax-defaulted parcels, including all delinquent and redemption penalties, fees and costs and the proceeds collected from the sale of property pursuant to the foreclosure provisions of this Resolution, so long as the County has paid to the District the Special Taxes levied for a tax-defaulted parcel pursuant to the Teeter Plan established by the County pursuant to California Revenue and Taxation Code Sections 4701 *et seq.*

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

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

“Interest Account” means the account by that name established pursuant to Section 3.1.

“Interest Payment Date” means each February 15 and August 15, commencing February 15, 2016; 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.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (9) of the definition of Authorized Investments herein.

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

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

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

“Net Taxes” means Gross Taxes minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds and Parity Bonds in order to pay Administrative Expenses.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

“Ordinance” means Ordinance No. 15-007 adopted by the legislative body of the District on May 5, 2015, providing for the levying of the Special Tax.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

(1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;

(2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Resolution or any applicable Supplemental Resolution for Parity Bonds; and

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

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

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Certificates as securities depository.

“Paying Agent” means U.S. Bank National Association or any financial institution appointed by the District pursuant to Section 7.1 hereof, or, if no such financial institution is appointed, the Treasurer.

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

“Principal Account” means the account by that name established pursuant to Section 3.1.

“Principal Corporate Trust Office” shall mean the office of the Paying Agent at 633 West Fifth Street, 24th Floor, Los Angeles, California 90071; provided, however, for transfer, registration, exchange, payment and surrender of Bonds and Parity Bonds means care of the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other location as is designated by the Paying Agent from time to time for such purposes.

“Project” means those public facilities described in the Resolution of Formation which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Paying Agent and other

fees and expenses relating to the issuance of the Bonds or any Parity Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Project Facilities Account means the account by that name established pursuant to Section 3.1.

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

“Rebate Account” means the account by that name established pursuant to Section 3.1.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1.

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

“Record Date” means the first day of the month in which any Interest Payment Date occurs, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name established pursuant to Section 3.1.

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

“Representation Letter” shall mean the Blanket Letter of Representations from the District and the Paying Agent to the Depository as described in Section 2.13 hereof.

“Reserve Account” means the account by that name established pursuant to Section 3.1.

“Reserve Requirement” means that amount as of any date of calculation equal to the least of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the Outstanding Bonds and Parity Bonds, if any.

“Resolution” means this Supplement to Resolution, together with Resolution No. 15-___ of the District, approving this Supplement to Resolution, and any Supplemental Resolution approved pursuant to Article 6 hereof.

“Resolution of Formation” means Resolution No. 15-028 adopted by the Board of Supervisors of the County on April 14, 2015, pursuant to which the County formed the District.

“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) hereof and any annual sinking fund payment to retire any Parity Bonds.

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

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

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

“Special Tax Prepayments” means any amounts received by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method of Apportionment.

“Special Taxes” means the taxes authorized to be levied by the District in accordance with the Ordinance, the Resolution of Formation and the Act.

“Standard & Poor’s” means Standard & Poor’s Corporation, its successors and assigns.

“Supplemental Resolution” means any resolution authorizing the issuance of any Parity Bonds.

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

“Term Bonds” means the Bonds maturing on August 15, 20__, August 15, 20__ and August 15, 20__, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Resolution.

“Treasurer” means the Treasurer-Tax Collector of the County acting on behalf of the District, or his written designee.

“Underwriter” means collectively Stifel, Nicolaus & Company, Incorporated and Piper Jaffray & Co. with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

“Water Facilities Account” means the account by that name established pursuant to Section 3.1.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMSSection 2.1. **Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds.**

Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$_____, together with any Parity Bonds authorized by the legislative body in accordance with Section 9.2 hereof, shall be issued for the purpose of financing the Project and refunding Bonds or Parity Bonds, provided that the aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors of the District in accordance with the Act. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expense Account of the Special Tax Fund).

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

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

Section 2.3. **Equality of Bonds and Parity Bonds and Pledge of Net Taxes.** Pursuant to the Act and this Resolution, the Bonds and any Parity Bonds shall be equally payable from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense

Account), which are hereby pledged for such purpose, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Resolution or any Supplemental Resolution. Notwithstanding any provision contained in this Resolution to the contrary, Net Taxes deposited in the Rebate Fund and the Special Reserve Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Special Reserve Fund, the Acquisition and Construction Fund or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

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

Section 2.4. **Description of Bonds; Interest Rates.** The Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and any Parity Bonds shall be issued in the authorized denominations set forth in the Supplemental Resolution authorizing the issuance thereof. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Paying Agent.

The Bonds shall be designated “COMMUNITY FACILITIES DISTRICT NO. 2015-1 OF THE COUNTY OF ORANGE (VILLAGE OF ESENCIA), SERIES A OF 2015 SPECIAL TAX BONDS.” The Bonds shall be dated as of their Delivery Date and shall mature and be payable on August 15 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on February 15, 2016 and each Interest Payment Date thereafter:

Maturity Date
(August 15)

Principal Amount

Interest Rate

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

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

Section 2.6. Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of

authentication shall be substantially in the form attached hereto as Attachment “1”, which forms are hereby approved and adopted as the forms of such Bonds and of the certificate of authentication.

Notwithstanding any provision in this Resolution to the contrary, the District may, in its sole discretion, elect to issue the Bonds and any Parity Bonds in book entry form. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Resolution for such issue of Parity Bonds.

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

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

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Attachment “1” hereto shall be entitled to any right or benefit under this Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent.

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

The District and the Paying Agent may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Paying Agent shall not be affected by any notice to the contrary. The District and the Paying Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Paying 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 or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Paying Agent, accompanied by delivery of written instrument of transfer in a form approved by the Paying Agent and duly executed by the Bondowner or his or her duly authorized attorney.

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

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Paying Agent shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Paying Agent of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Paying Agent shall be cancelled by the Paying Agent pursuant to Section 10.1 hereof. If any Bond or Parity Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to the Paying Agent and, if any indemnity satisfactory to the District and the Paying Agent shall be given, the District shall execute and the Paying Agent shall authenticate and deliver, a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Paying Agent shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Paying Agent shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new

Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Paying Agent may make payment with respect to such Bonds or Parity Bonds.

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

Section 2.12. Book-Entry System; Limited Obligation of County. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Paying Agent in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Paying Agent in the name of the Nominee.

With respect to Bonds registered in the registration books kept by the Paying Agent in the name of the Nominee, the District and the Paying Agent shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Paying Agent, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Paying Agent, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Paying Agent as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Paying Agent, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

Section 2.13. Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, an authorized representative of the Paying Agent is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 or in any other way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Paying Agent. The Paying Agent agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the Chairman and the Authorized Representative of the District are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Bonds for the Depository's book-entry program.

Section 2.14. Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Paying Agent in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

Section 2.15. Payments to the Nominee. Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16. Initial Depository and Nominee. The initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF REVENUES AND NET TAXES

Section 3.1. Creation of Funds; Application of Proceeds.

(a) There is hereby created and established and shall be maintained by the Treasurer of the District the following funds and accounts:

(1) The Community Facilities District No. 2015-1 Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account and an Administrative Expense Account).

(2) The Community Facilities District No. 2015-1 Rebate Fund (the “Rebate Fund”) (in which there shall be established a Rebate Account and an Alternative Penalty Account).

(3) The Community Facilities District No. 2015-1 Special Reserve Fund (the “Special Reserve Fund”).

(4) The Community Facilities District No. 2015-1 Acquisition and Construction Fund (the “Acquisition and Construction Fund”) (in which there shall be established a County Facilities Account, a Water Facilities Account and a Project Facilities Account).

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Treasurer and the Treasurer shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.10 hereof. The Treasurer may appoint a fiscal agent, trustee or other agent to act as a custodian of the funds to the extent permitted by applicable law.

In connection with the issuance of any Parity Bonds, the Treasurer may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds shall be received by the Treasurer on behalf of the District and deposited and transferred as follows:

(1) \$_____ shall be transferred to the Reserve Account of the Special Tax Fund;

(2) \$_____ shall be transferred to the Acquisition and Construction Fund, with \$_____ deposited to the Water Facilities Account, \$_____ to the County Facilities Account and \$_____ to the Project Facilities Account, of which up to \$_____ (or such higher amount is approved by an Authorized Representative of the County) shall be available to pay Costs of Issuance; and

(3) \$_____ shall be transferred to the Administrative Expense Account of the Special Tax Fund.

Section 3.2. Deposits to and Disbursements from Special Tax Fund. Except for Special Tax Prepayments, which shall be deposited to the Redemption Account, the Treasurer shall, on each date on which the Special Taxes are apportioned to the District, deposit the Special Taxes in the Special Tax Fund to be held in trust. The Treasurer shall transfer the amounts on deposit in the Special Tax Fund on the dates and in the amounts set forth in Sections 3.3 to 3.9 below, in the following order of priority, to:

(1) The Administrative Expense Account of the Special Tax Fund in an amount needed to pay Administrative Expenses when due;

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

- (3) The Principal Account of the Special Tax Fund;
- (4) The Redemption Account of the Special Tax Fund;
- (5) The Reserve Account of the Special Tax Fund;
- (6) The Rebate Fund; and
- (7) The Special Reserve Fund.

At the maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3. Administrative Expense Account of the Special Tax Fund. The Treasurer shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses; provided, however, that the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account, the Principal Account and the Redemption Account an amount that, together with any amounts already on deposit in such Accounts, is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and the amount on deposit in the Reserve Account is at least equal to the Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expense Account to the extent necessary to collect delinquent Special Taxes on Undeveloped Property. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed by the Treasurer.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of (including Sinking Fund Payments) and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon optional or extraordinary redemption, shall be paid by the Treasurer 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 and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least five Business Days prior to each February 15 and August 15, the Treasurer shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account:

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

(b) To the Principal Account, an amount such that the balance in the Principal Account five Business Days prior to August 15 of each year, commencing August 15, 2016, shall equal the principal payment due on the Bonds and any Parity Bonds on such August 15 at maturity or by Sinking Fund Payment and any principal payment due on a previous August 15 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due.

In the event that the amounts in the Interest Account or the Principal Account are inadequate to pay the amounts due, then the amounts in the Interest Account shall be applied to pay a pro rata portion of the interest due on all Bonds and Parity Bonds and the amounts in the Principal Account shall be applied to pay a pro rata portion of the principal due on the Bonds and the Parity Bonds.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) After making the deposits to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4 above, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Resolution for Parity Bonds, the Treasurer shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expense Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

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

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

Section 3.6. Reserve Account of the Special Tax Fund. After making the deposits required by Sections 3.3, 3.4 and 3.5 above, the Treasurer shall next transfer to the Reserve Account the amount, if any, necessary to cause the amount in the Reserve Account, taking into account the

amounts then on deposit in the Reserve Account, to be equal to the Reserve Requirement. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement which shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of (including Sinking Fund Payments) and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 hereof upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of (including Sinking Fund Payments) or interest on the Bonds and any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Treasurer shall withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Treasurer shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District 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 shall be deemed available for transfer to the Reserve Account only if the Treasurer determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund. If amounts in the Special Tax Fund or otherwise transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary to restore fully 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 an optional or extraordinary redemption of Bonds or of Parity Bonds in accordance with any Supplemental Resolution, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, 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 District shall 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 this Resolution to partially defease Bonds or Parity Bonds, and the Treasurer shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence. 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 or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and an issue of Parity Bonds in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this paragraph shall be withdrawn from the Reserve Account on the fifth Business Day before each February 15 and August 15 and transferred to the Interest Account of the Special Tax Fund.

Section 3.7. Rebate Fund.

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

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

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

(B) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatale Arbitrage must be calculated as required by the Tax Certificate for each issue, upon the written direction of an Authorized Representative of the District, an amount shall be deposited to each subaccount of the Rebate Account by the Treasurer from any funds so designated by the District if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebatale Arbitrage so calculated by or on behalf of the District in accordance with this Subsection (i)(A) with respect to each issue of Bonds and Parity Bonds to which this Section 3.7 is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the District, the Treasurer shall withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(C) Payment to the Treasury. The Treasurer shall pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in each subaccount of the Rebate Account,

(X) Not later than 60 days after the end of (A) the fifth Bond Year for each issue of Bonds and Parity Bonds to which this Section 3.7 is applicable, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatale Arbitrage calculated as of the end of such Bond Year for each issue of Bonds and Parity Bonds, as applicable; and

(Y) Not later than 60 days after the payment or redemption of all of an issue of Bonds and Parity Bonds, as applicable, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a)(i) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(ii) Alternative Penalty Account.

(A) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District shall determine or cause to be

determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District shall obtain expert advice in making such determinations.

(B) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Treasurer, at the written direction of an Authorized Representative of the District, shall deposit an amount in the appropriate subaccounts of the Alternative Penalty Account from any source of funds held by the Treasurer pursuant to this Resolution and designated by the District in such written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in Subsection (a)(ii)(A) above. In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by Subsection (C) below, the Treasurer, at the written direction of an Authorized Representative of the District, may withdraw the excess from the applicable subaccount of the Alternative Penalty Account and credit the excess to the Special Tax Fund.

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

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to an issue of Bonds or Parity Bonds after redemption and payment of such issue and after making the payments described in Subsection (a)(i)(C) or (a)(ii)(C) (whichever is applicable), may be withdrawn by the Treasurer at the written direction of the District and utilized in any manner by the District for any lawful purpose.

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

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

Section 3.8. Special Reserve Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, as soon as practicable after each August 15, and in any event prior to each September 1, the Treasurer shall transfer all remaining amounts in the Special Tax Fund to the Special Reserve Fund, other than amounts in the Special Tax Fund which the District has included as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof. Moneys deposited in the Special Reserve Fund may be transferred by the Treasurer (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 and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement, (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses, (iv) to the Acquisition and Construction Fund to pay Project Costs, or (v) for any other lawful purpose of the District.

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

Section 3.9. Acquisition and Construction Fund.

(a) The District may deposit amounts to the Acquisition and Construction Fund from time to time. The moneys in the Acquisition and Construction Fund shall be applied exclusively to pay the Project Costs or Costs of Issuance. Costs of Issuance shall be disbursed by the Treasurer from the Project Facilities Account as directed in writing by an Authorized Representative of the County. Amounts for Project Costs other than Costs of Issuance shall be disbursed by the

Treasurer from the account in the Acquisition and Construction Fund designated in the Addendum to Warrant Request, substantially in the form of Attachment 2 hereto, which must be submitted in connection with each requested disbursement.

(b) Upon receipt of a Certificate of the County Executive Officer stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund is to be transferred (which certificate shall not be given without complying with the Acquisition Agreement), the Treasurer shall transfer all or such specified portion of the moneys remaining on deposit in one or more of the accounts in the Acquisition and Construction Fund to the Special Tax Fund, or to the Special Reserve Fund as requested in the Certificate; provided, however, if the amount is to be transferred to the Special Reserve Fund, there shall have been delivered to the Treasurer with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Special Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.10. Investments. Moneys held in any of the Funds, Accounts and Subaccounts under this Resolution shall be invested at the direction of the Treasurer pursuant to law and the limitations set forth below which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Acquisition and Construction Fund, the Special Reserve Fund and the Rebate Fund and each Account therein shall be deposited in those respective Funds and Accounts, and (ii) all other investment earnings shall be deposited in the Interest Account of the Special Tax Fund. Moneys in the Funds, Accounts and Subaccounts held under this Resolution may be invested by the Treasurer, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Acquisition and Construction Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund. Notwithstanding anything herein to the contrary, amounts in the Acquisition and Construction Fund three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Acquisition and Construction Fund on the date which is three years following the date of issuance of such issue of Parity Bonds shall be invested by the District only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall 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 and any Parity Bonds as the same become due.

(c) One-half of the amount in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which mature not later than two years from their date of purchase by the Treasurer or the Paying Agent, as applicable, and one-half of the amount in the Reserve Account may be invested only in Authorized Investments which mature not more than three years from the date of purchase by the Treasurer or the Paying Agent, as applicable; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6 hereof; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds to which such Subaccount relates.

(d) Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clauses (1) or (2) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7 hereof or in Authorized Investments of the type described in clause (7) of the definition thereof.

(e) In the absence of written investment directions from the Treasurer, the Paying Agent shall invest solely in Authorized Investments specified in Section 3.10(f) below.

(f) Authorized investments include:

(1) Cash (insured at all times by the Federal Deposit Certificate Insurance Corporation or collateralized as per California law);

(2) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest, when such obligations have a remaining maturity of five years or less;

(3) Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise, which have a remaining maturity of five years or less;

(4) U.S. dollar denominated deposit accounts, including time deposits, trust funds, trust accounts, interest-bearing deposits, overnight bank deposits, interest-bearing money market accounts, federal funds and bankers' acceptances with domestic commercial banks, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase or are FDIC insured. (Ratings on holding companies are not considered as the rating of the bank);

(5) Eligible commercial paper shall be of "prime" quality of the highest ranking or of the highest letter and number rating as provided by a Nationally Recognized Statistical Rating Organization (NRSRO) and shall not exceed 270 days

to maturity. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (i) or paragraph (ii):

- (i) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation, and has debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.
 - (ii) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.
- (6) Negotiable certificates of deposit issued by a U.S. national or state-chartered bank, savings bank, savings and loan association, or credit union in this state or state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank. Issuing banks must have a short-term rating of not less than A1/P1 and a long-term rating of not less than an “A” from at least two NRSROs, if any;
 - (7) Shares of beneficial interest issued by diversified management companies that are mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq), which only invest in direct obligations in U.S. Treasury bills, notes and bonds, U.S. Government Agencies and repurchase agreements and must have a minimum of \$500 million in assets under management. Such funds should have attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs;
 - (8) Repurchase agreements with financial institutions insured by the FDIC; or a bank or other financial institution rating in the top two rating categories by one or more NRSRO’s; provided that (i) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of U.S. Treasury securities or direct obligations of FNMA, FHLMC, FFCB, and FHLB, (ii) a third party custodian shall have possession of such obligations; (iii) the Trustee shall have perfected a first priority security interest in such obligations; and (iv) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral;
 - (9) Shares of beneficial interest issued by diversified management companies, or a joint powers authority organized pursuant to Government Code Section 6509.7 that invest in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630 in which the District is statutorily permitted or required to invest;
 - (10) Investment agreements with providers rated not lower than the second

highest category (without regard to gradations within such category) by at least two NRSROs, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that if the provider is downgraded by one or more nationally recognized rating agencies to below the second highest category, the agreement shall (i) be fully collateralized at 105% by Treasuries or at 106% by Federal Agencies or (ii) be terminated; and

(11) The credit ratings referred to above must be assigned by one of the following Nationally Recognized Statistical Rating Organizations (NRSRO): Standard & Poor's, Moody's and Fitch.

The Treasurer and the Paying Agent, at the direction of the Treasurer, shall sell at the best price obtainable, 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 shall be valued at their cost. Notwithstanding anything herein to the contrary, the Treasurer and the Paying Agent shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Resolution.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or after August 15, 2026 may be redeemed, at the option of the District from any source of funds, on any date on or after August 15, 2025, in whole, or in part in the order of maturity selected by the District and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Paying Agent of its election to so redeem, the redemption date and the principal amount of the Bonds to be redeemed. The notice to the Paying Agent shall be given at least 60 but no more than 90 days prior to the redemption date, or such shorter period as shall be acceptable to the Paying Agent.

(b) Mandatory Sinking Fund Redemption.

(i) The Bonds maturing on August 15, 20__ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on August 15, 20__, and on each August 15 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Bonds so called for redemption shall be selected by the Paying Agent by lot and shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING AUGUST 15, 20__

<i>Redemption Date (August 15)</i>	<i>Principal Amount</i>
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* Final Maturity

(ii) The Bonds maturing on August 15, 20__ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on August 15, 20__, and on each August 15 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Bonds so called for redemption shall be selected by the Paying Agent by lot and shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING AUGUST 15, 20__

<i>Redemption Date (August 15)</i>	<i>Principal Amount</i>
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* Final Maturity

(iii) The Bonds maturing on August 15, 20__ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on August 15, 20__, and on each August 15 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Bonds so called for redemption shall be selected by the Paying Agent by lot and shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING AUGUST 15, 20__

<i>Redemption Date (August 15)</i>	<i>Principal Amount</i>
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* Final Maturity

In the event of a partial redemption of Term Bonds pursuant to Section 4.1(a) or (c), the remaining Sinking Fund Payments for the applicable maturity or maturities of Term Bonds shall be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

If during the Fiscal Year immediately preceding one of the redemption dates specified in (b)(i), (ii) or (iii) above the District purchases Bonds of the maturity to be redeemed, at least 45 days prior to the redemption date the District shall notify the Paying Agent as to the principal amount and maturity purchased and the amount of Bonds so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the applicable maturity of the Bonds. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1 hereof.

(c) Extraordinary Redemption from Special Tax Prepayments. The Bonds and Parity Bonds are subject to extraordinary redemption from Special Tax Prepayments as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date, and shall be redeemed from Special Tax Prepayments deposited to the Redemption Account pursuant to Section 3.2, plus amounts transferred from the Reserve Account pursuant to Section 3.6, at the following redemption prices, expressed as a percentage of the principal amount of the Bonds and Parity Bonds to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
February 15, 2016 through February 15, 2023	103%
August 15, 2023 and February 15, 2024	102
August 15, 2024 and February 15, 2025	101
August 15, 2025 and any Interest Payment Date thereafter	100

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

Section 4.2. Selection of Bonds and Parity Bonds for Redemption. If less 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 shall be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Paying Agent shall 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. Selection of Parity Bonds for

redemption shall be as set forth in the Supplemental Resolution for such Parity Bonds. The Paying Agent shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds or Parity Bonds are due for redemption from Sinking Fund Payments and when the Paying Agent receives the required notice from the District to redeem Bonds under Section 4.1(a) or (c) above or under another redemption provision set forth in a Supplemental Resolution relating to any Parity Bonds, the Paying Agent shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity 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 or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Paying Agent. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 60 days prior to the redemption date, the Paying Agent shall mail a copy of such notice of redemption, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of any Bonds or Parity Bonds; provided, however, so long as the Bonds and Parity Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Paying Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Any redemption notice for an optional redemption of the Bonds or Parity Bonds delivered in accordance with this section may be conditional, and, if any condition stated in the redemption notice shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds or Parity Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

In addition to the foregoing notice, further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further

notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent not later than the date 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 Depository and to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and Parity Bonds as shall be specified by the Treasurer to the Paying Agent and to one or more of the national information services that the Paying Agent determines are in the business of disseminating notice of redemption of obligations such as the Bonds and Parity Bonds.

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

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

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3 hereof, 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 and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Resolution or in any Supplemental Resolution with respect to any Parity Bonds, anything in this Resolution or in the Bonds or the Parity Bonds to the contrary notwithstanding;

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

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

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

ARTICLE V

COVENANTS AND WARRANTY

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

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

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

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Resolution to the extent that Net Taxes are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and this Resolution, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all Supplemental Resolutions and of the Bonds and any Parity Bonds issued hereunder.

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

(b) Levy of Special Tax. Beginning in Fiscal Year 2015-16, so long as any Bonds or Parity Bonds issued under this Resolution are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund available for such purpose, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to maintain the Reserve Account of the Special Tax Fund at the Reserve Requirement (the "Special Tax Requirement").

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$25,000 by the October 1

following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied, and diligently pursue to completion such foreclosure proceedings; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account of the Special Tax Fund is at least equal to the Reserve Requirement. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account of the Special Tax Fund at the Reserve Requirement or to avoid a default in payment on the Bonds and any Parity Bonds.

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

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

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

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

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

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or

take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

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

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds;

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

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

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

Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment of Special Taxes) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall compute the Administrative Expenses for the then-current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

Notwithstanding the foregoing, the District may modify, alter or amend the Rate and Method of Apportionment in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property (as defined in the Rate and Method of Apportionment) below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds and Parity Bonds Outstanding as of the date of such amendment.

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

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds to the Treasurer in full payment or partial payment of any Special Taxes.

(j) Continuing Disclosure and Other Reports. The District covenants to comply with the terms of the Continuing Disclosure Certificate executed with respect to the Bonds and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission; provided, however, that a failure to comply shall not be considered an event of default hereunder and the Owners shall be limited to enforcing the terms thereof in accordance with the terms of the Continuing Disclosure Certificate. The District further covenants to file all annual reports required under the Act and Government Code Section 53410 *et seq.* to be filed with offices or departments of the State.

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

ARTICLE VI

AMENDMENTS TO RESOLUTION

Section 6.1. Supplemental Resolutions or Orders Not Requiring Bondowner Consent.

The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt resolutions or orders supplemental hereto 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 Resolution 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 District contained in this Resolution, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect or which further secure Bond or Parity Bond payments;

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

(d) to modify, amend or supplement this Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding; or

(e) to modify, alter, amend or supplement this Resolution in any other respect which is not materially adverse to the Bondowners.

Section 6.2. Supplemental Resolutions or Orders Requiring Bondowner Consent.

Exclusive of the resolutions or orders supplemental hereto set forth in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such resolutions or orders supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond, or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such resolution or order, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a resolution or order supplemental hereto, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District

shall so notify the Paying Agent and shall deliver to the Paying Agent a copy of the proposed resolution or order. The Paying Agent shall, at the expense of the District, cause notice of the proposed resolution or order to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed resolution or order and shall state that a copy thereof is on file at the office of the Treasurer for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such resolution or order when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Paying Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than 50% in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed resolution or order described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Treasurer, such proposed resolution or order, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any supplemental resolution or order, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District (excluding the County), shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

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

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

ARTICLE VII

PAYING AGENT

Section 7.1. **Paying Agent.** U.S. Bank National Association shall be the Paying Agent for the Bonds and any Parity Bonds unless and until another Paying Agent is appointed by the District hereunder. The District may, at any time, appoint a successor Paying Agent satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the District is required to deposit with the Paying Agent hereunder and to allocate, use and apply the same as provided in this Resolution. In the event that the District fails to deposit with a Paying Agent appointed by the District any amount due hereunder when due, such Paying Agent shall provide immediate telephonic notice to the Treasurer's office and shall confirm the amount of such shortfall in writing.

The Paying Agent is hereby authorized to and shall 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 and Parity Bonds for redemption, and to maintain the Bond Register. The Paying Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Resolution, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Resolution. The Paying Agent shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

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

The District shall from time to time, subject to any agreement between the District and the Paying Agent then in force, pay to the Paying Agent compensation for its services, reimburse the Paying 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 Paying Agent harmless against expenses and liabilities 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 District to indemnify the Paying Agent shall survive the removal or resignation of the Paying Agent or the discharge of the Bonds.

Section 7.2. **Removal of Paying Agent.** The District may at any time at its sole discretion remove the Paying Agent initially appointed, and any successor thereto, by delivering to the Paying Agent a written notice of its decision to remove the Paying Agent and may appoint a successor or successors thereto; provided that any such successor, other than the Treasurer, shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Paying Agent. If any bank 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 or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

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

The Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity 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 Paying Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

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

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

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

(c) Except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Resolution, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Paying Agent or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

Section 8.2. **Remedies of Owners.** Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

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

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

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

Nothing in this Article or in any other provision of this Resolution, the Bonds or any Parity Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and any Parity Bonds to the respective Owners thereof at the respective dates of maturity, as herein provided, out of the Net Taxes and other amounts pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds or any Parity Bonds and in this Resolution.

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

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

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

In case the moneys held by the Paying Agent after an event of default pursuant to Section 8.1(a) or (b) shall be insufficient to pay in full the whole amount so owing and unpaid upon the Outstanding Bonds and Parity Bonds, then all legally available amounts shall be applied to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

ARTICLE IX

DEFEASANCE AND PARITY BONDS

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

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

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

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

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

then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Resolution and any Supplemental Resolution with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Paying Agent to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Resolution relating to compliance with the Code. Notice of such election shall be filed with the Paying Agent not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Paying Agent. In connection with a defeasance under (b) or (c) above, there shall be provided to the District 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 Paying Agent or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) addressed to the District to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Resolution and any applicable Supplemental Resolution.

Upon a defeasance, the Paying Agent and/or the Treasurer, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this Resolution and any Supplemental Resolution and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Paying Agent shall pay over or deliver to the District any funds held by the Paying 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 and Parity Bonds when due. The Paying Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred and shall file that notice electronically with EMMA.

Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Resolution; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or Parity Bonds then Outstanding and only if the issuance of such Parity Bonds does not result in an increase in the Annual Debt Service due in any Bond Year. Parity Bonds may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

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

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

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

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

(3) The date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an August 15, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

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

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

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

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

(8) The form of such Parity Bonds; and

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

(c) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Paying Agent (unless the Paying Agent shall accept any of such documents bearing a prior date):

(1) A certified copy of the Supplemental Resolution authorizing the issuance of such Parity Bonds;

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

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

(4) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Resolution;

(5) A certificate from one or more Independent Financial Consultants which, when taken together, certify that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

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

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Paying Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Paying Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The

Paying Agent shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Resolution 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 or Parity Bonds shall be sufficient for the purposes of this Resolution (except as otherwise herein provided), if made in the following manner:

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

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

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

Section 10.3. Unclaimed Moneys. Anything in this Resolution to the contrary notwithstanding, any money held by the Paying Agent or the Treasurer in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for one year after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Paying Agent or the Treasurer at such date, or for one year after the date of deposit of such money if deposited with the Paying Agent or the Treasurer after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Paying Agent or the Treasurer to the District, as its absolute property and free from trust, and the Paying Agent or the Treasurer shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Paying Agent at the written request of the District or the Treasurer shall, at the expense of the District, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Paying Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less

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

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

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

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

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

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

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

Section 10.8. Notices. Any notices required to be given to the District with respect to the Bonds or this Resolution shall be mailed, first class, postage prepaid, or personally delivered to the County Executive Officer of the County of Orange, 10 Civic Center Plaza, Santa Ana, California 92702, and all notices to the Treasurer in its capacity as Paying Agent shall be mailed, first class, postage prepaid, or personally delivered to the Treasurer-Tax Collector's Office, County of Orange, 12 Civic Center Plaza, Room G-76, Santa Ana, California 92702.

SIGNED AND APPROVED this ____ day of _____, 2015 by the Chairman of the Board of Supervisors of the County of Orange, acting in its capacity as the legislative body of Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia).

COMMUNITY FACILITIES DISTRICT NO. 2015-1
OF THE COUNTY OF ORANGE (VILLAGE OF
ESENCIA)

By: _____
Todd Spitzer
Chairman of the Board of Supervisors of the
County of Orange, acting in its capacity as the
legislative body of Community Facilities
District No. 2015-1 of the County of Orange
(Village of Esencia)

SIGNED AND CERTIFIED THAT
A COPY OF THIS DOCUMENT
HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD OF
SUPERVISORS
ATTEST:

Robin Stieler
Interim Clerk of the Board of Supervisors
of the County of Orange, acting in its
capacity as the legislative body of
Community Facilities District No. 2015-1
of the County of Orange (Village of Esencia)

ATTACHMENT "1"

[FORM OF SERIES A OF 2015 SPECIAL TAX BOND]

No. _____

\$ _____

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

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

COMMUNITY FACILITIES DISTRICT NO. 2015-1
OF THE COUNTY OF ORANGE (VILLAGE OF ESENCIA)
SERIES A OF 2015 SPECIAL TAX BOND

INTEREST RATE MATURITY DATE DATED DATE CUSIP NO.
 _____ % August 15, _____ _____, 2015 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 2015-1 OF THE COUNTY OF ORANGE (VILLAGE OF ESENCIA) (the "District") situated in the County of Orange, State of California (the "County"), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Resolution (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 hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be

payable from the Dated Date set forth above. Interest will be paid semiannually on February 15 and August 15 (each, an "Interest Payment Date"), commencing February 15, 2016, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Corporate Trust Office of U.S. Bank National Association or any successor thereto (the "Paying Agent"). Interest on this Bond shall be paid by check of the Paying Agent mailed by first class mail, postage prepaid, or in certain circumstances described in the Resolution by wire transfer, to the Registered Owner hereof as of the close of business on the first day of 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 Paying Agent.

This Bond is one of a duly authorized issue of "Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) Series A of 2015 Special Tax Bonds" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the California Government Code (the "Act") for the purpose of financing public improvements, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by Resolution No. 15-___ adopted by the Board of Supervisors of the County of Orange, acting in its capacity as the legislative body of the District (the "Legislative Body") on _____, 2015 and a Supplement to Resolution No. 15-___ executed in connection therewith (collectively, the "Resolution"), and this reference incorporates the Resolution herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Resolution 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. All capitalized terms not defined herein shall have the meaning set forth in the Resolution.

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

The Bonds maturing on or after August 15, 2026 may be redeemed, at the option of the District from any source of funds, on any date on or after August 15, 2025, in whole, or in part in the order of maturity selected by the District and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

The Bonds maturing on August 15, 20__, August 15, 20__ and August 15, 20__ are subject to mandatory sinking fund redemption prior to maturity commencing on August 15, 20__, August 15, 20__ and August 15, 20__, respectively, and on each August 15 thereafter prior to maturity, from Sinking Fund Payments in the amounts set forth in the Resolution. The Bonds so called for redemption shall be selected by lot and shall be redeemed at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium.

The Bonds are subject to special mandatory redemption from Special Tax Prepayments on any Interest Payment Date, in whole or in part on a pro rata basis among maturities, and shall be redeemed from Special Tax Prepayments deposited to the Redemption Account pursuant to the Resolution, plus amounts transferred from the Reserve Account pursuant to the Resolution, at the following redemption prices, expressed as a percentage of the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
February 15, 2016 through February 15, 2023	103%
August 15, 2023 and February 15, 2024	102
August 15, 2024 and February 15, 2025	101
August 15, 2025 and any Interest Payment Date thereafter	100

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof not less than 30 nor more than 60 days prior to the redemption date in the manner specified in the Resolution, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Paying Agent on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

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

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Resolution. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, 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 Paying Agent shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

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

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

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying 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 District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) has caused this Bond to be dated as of the Dated Date, to be signed on behalf of the District by the Chairman of the Board of Supervisors of the County of Orange by his facsimile signature and attested by the facsimile signature of the Clerk of the Board.

Todd Spitzer
Chairman of the Board of Supervisors of the County
of Orange, acting in its capacity as the legislative
body of Community Facilities District No. 2015-1
of the County of Orange (Village of Esencia)

ATTEST:

Robin Stieler
Interim Clerk of the Board of
Supervisors of the County of Orange,
acting in its capacity as the legislative body
of Community Facilities District No. 2015-1
of the County of Orange (Village of Esencia)

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

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

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as Paying
Agent

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

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

Clerk of the Board of Supervisors of the County of
Orange, acting in its capacity as the legislative body
of Community Facilities District No. 2015-1 of the
County of Orange (Village of Esencia)

[FORM OF ASSIGNMENT]

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

(typewrite name, address and Social Security or federal tax identification number)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the registration books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

ATTACHMENT "2"

**[FORM OF ADDENDUM TO
WARRANT REQUEST FOR DISBURSEMENT OF PROJECT COSTS]**

The undersigned, a duly authorized representative of Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia), hereby certifies to the Treasurer for purposes of disbursing funds from the Acquisition and Construction Fund to pay Project Costs that:

(1) The Treasurer is to pay to the payee(s) set forth on Exhibit A hereto the amount set forth next to each payee's name for the item described on Exhibit A hereto;

(2) The conditions to the release of these amounts from the Acquisition and Construction Fund have been satisfied;

(3) There has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, stop notice or claim affecting the right to receive payment of, any of the moneys payable to any of the payee(s) named on Exhibit A hereto which has not been released or will not be released simultaneously with the payment of such amounts, other than materialmen's or mechanic's liens accruing by mere operation of law; and

(4) Such amounts shall be disbursed from the _____ Account of the Acquisition and Construction Fund.

Dated: _____

COMMUNITY FACILITIES DISTRICT NO. 2015-1
OF THE COUNTY OF ORANGE (VILLAGE OF
ESENCIA)

By: _____
Authorized Officer

EXHIBIT A

<u>Payee</u>	<u>Amount Due</u>	<u>Purpose of Expenditure</u>
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