**INDENTURE OF TRUST**

by and between

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION**,  
as Trustee

Dated as of January 1, 2014

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE REFUNDING BONDS (LADERA RANCH)**

**2014 SERIES A (Senior Lien Bonds) - $[\_\_\_\_\_\_\_] AND**

**2014 SERIES B (Junior Lien Bonds) - $[\_\_\_\_\_\_\_]**

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**INDENTURE OF TRUST**

THIS INDENTURE OF TRUST (this “Indenture”), dated as of January 1, 2014, by and between the SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the “Trustee”);

*WITNESSETH:*

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

WHEREAS, each of the Community Facilities Districts (as defined herein) has previously issued bonds (collectively, the “Prior Bonds”) to finance the acquisition of certain public improvements; and

WHEREAS, the Authority has determined to issue its Special Tax Revenue Refunding Bonds, 2014 Series A (Senior Lien Bonds) and 2014 Series B (Junior Lien Bonds) collectively (the “Bonds”) in the aggregate principal amount of $[\_\_\_\_\_\_\_\_\_] for the primary purpose of acquiring special tax refunding bonds of each of the Community Facilities Districts, the proceeds of which will be utilized to defease and refund the Prior Bonds; and

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

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

# DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

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

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

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

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

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

“Alternative Penalty Account” means the account by that name established pursuant to Section 5.8 hereof.

“Annual Debt Service” means, for each Bond Year and for each Series, the sum of (a) the interest payable on the Outstanding Bonds of such Series in such Bond Year, and (b) the principal amount of the Outstanding Bonds of such Series scheduled to be paid in such Bond Year.

“Authority” means the South Orange County Public Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State, whose members as of the date hereof are the County and Community Facilities District No. 88-2 of the County of Orange.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, and the Authority in carrying out their duties hereunder including payment of amounts payable to the United States pursuant to Sections 5.7 and 5.8 hereof.

“Authorized Denomination” means with respect to the Series A Bonds $5,000 or any integral multiple thereof and with respect to the Series B Bonds, $100,000 or any integral multiple of $5,000 in excess thereof.

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

“Beneficial Owners” means the actual purchasers of the Bonds and with respect to the Series A Bonds, ownership interests of which are recorded on the books of the DTC Participants.

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

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

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

“Bond Year” means each twelve month period extending from August 16 in one calendar year to August 15 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date of the Bonds to August 15, 2014, both dates inclusive.

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

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

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

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

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

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

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

“Community Facilities District No. 2002-1” or “CFD No. 2002-1” means Community Facilities District No. 2002-1 of the County of Orange (Ladera Ranch), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-1” or “CFD No. 2003-1” means Community Facilities District No. 2003-1 of the County of Orange (Ladera Ranch), a community facilities district formed pursuant to the CFD Act.

“Community Facilities Districts” means, collectively, CFD No. 2002-1 and CFD No. 2003-1.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds, the Local Obligations, and the acquisition of the Local Obligations by the Authority, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, the Underwriter’s discount, fees of the Placement Agent, any discount of the Original Purchasers, premium for the Surety Bond, and other fees and expenses set forth in a Request of the Authority.

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

“County” means the County of Orange, California.

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

“Defeasance Securities” means non‑callable, non‑prepayable obligations of the type set forth in clauses 1 and 2 of the definition of Permitted Investments.

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

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

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

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

“Guaranty Agreement” means the Guaranty Agreement dated as of \_\_\_\_\_\_, 2014, by and between the Insurer and the Authority relating to the issuance of the Surety Bond.

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

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

(a) is in fact independent and not under domination of the Authority or the County;

(b) does not have any substantial interest, direct or indirect, in the Authority or the County; and

(c) is not an officer or employee of the Authority, or the County, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the County.

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

(a) is in fact independent and not under domination of the Authority or the County;

(b) does not have any substantial interest, direct or indirect, in the Authority or the County; and

(c) is not an officer or employee of the Authority or the County, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the County.

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

“Insurer” means [\_\_\_\_\_\_\_\_\_\_\_], a [\_\_\_\_\_\_\_\_\_] corporation.

“Interest Payment Date” means February 15 and August 15 in each year, beginning August 15, 2014, and continuing thereafter so long as any Bonds remain Outstanding.

“Letter of Representations” means a letter substantially in the form attached hereto as Exhibit C delivered by each purchaser of the Series B Bonds to the Authority to the effect, among other things, that such purchaser (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Series B Bonds, (b) is acquiring the Series B Bonds for its own account for the purpose of investment and not with a view to the distribution thereof, and (c) has no present intention of selling, negotiating, transferring, or otherwise disposing of the Series B Bonds so purchased.

“Local Obligations” means collectively, the following:

* + 1. $[\_\_\_\_\_\_\_\_\_] Community Facilities District No. 2002-1 of the County of Orange (Ladera Ranch) Series 2014 Special Tax Refunding Bonds; and

### $[\_\_\_\_\_\_\_\_\_] Community Facilities District No. 2003-1 of the County of Orange (Ladera Ranch) Series 2014 Special Tax Refunding Bonds.

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

“Local Obligation Resolutions” means the resolutions and any supplements thereto adopted in connection with the issuance of the Local Obligations.

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

“Original Purchasers” means, with respect to the Series A Bonds, Piper Jaffray & Co., with respect to the Series B Bonds, WAB Investments, Inc., a wholly-owned subsidiary of Western Alliance Bank, an Arizona corporation, and, with respect to the Bonds of any other Series, the entity or entities that purchase such Bonds from the Authority on the date of issuance thereof.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 10.7 hereof) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under this Indenture except –

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

(b) Bonds paid or deemed to have been paid within the meaning of Section 10.3 hereof or Bonds called for redemption for which funds have been provided as described in Section 2.2(g) hereof; and

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

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

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

1. Cash.

2. United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest.

3. Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

4. Eligible commercial paper shall be of “prime” quality and of the highest ranking or of the highest letter and number rating as provided by a Rating Agency, except that split ratings (i.e., A2/Pl) shall not be allowed. The commercial paper shall not exceed 270 days’ maturity and the entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

(a) 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 Rating Agency.

(b) 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 Rating Agency.

5. 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 a Rating Agency, if any.

6. Investments in repurchase agreements which comply with the requirements of California Government Code Section 53601(j) pursuant to which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Trustee by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year. The term “securities,” for the purpose of repurchase agreements, means securities of the same issuer, description, issue date, and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. Repurchase agreements are required to be collateralized by securities or cash authorized under California Government Code Section 53601(j)(2) and as described below:

(a) In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

(b) Collateral will be limited to U.S. Treasury securities listed in paragraph (2) above and U.S. Government Agency securities listed in paragraph (3) above. Collateral will be held by an independent third party with whom the Trustee has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the Trustee and retained. The Trustee retains the right to substitute or grant substitutions of collateral.

7. Bankers acceptances, also known as time drafts (bills of exchange) that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances shall not exceed 180 days maturity. Issuing banks must be rated by each Rating Agency and have a short-term rating of at least Al/Pl and a long-term rating of not less than “A” from a Rating Agency, if any.

8. 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 Agency securities and repurchase agreements with a weighted average maturity of 60 days or less. At a minimum, approved mutual funds shall have met either of the following criteria:

(a) Attained the highest ranking or the highest letter and numerical rating provided by each Rating Agency.

(b)Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of $500,000,000.

9. Municipal debt instruments issued by a local or state agency, including:

(a) Bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

(b)Registered state warrants or treasury notes or bonds, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of a state.

(c) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within a state, including bonds payable solely out of the revenues from a revenue­ producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Issuing municipalities must have a short-term rating of not less than A1/P1 and a long-term rating of not less than an “A” from a Rating Agency, if any. Municipal debt issued by the County is exempt from this credit rating requirement.

10. Medium-term notes consisting of corporate and depository institution debt securities with a maximum remaining maturity of not more than 397 days for any short-term pools such as money market funds and five years for any longer-term pools such as an extended fund. Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated not less than “A” or its equivalent from each Rating Agency.

11. The Treasurer’s Commingled Investment Pool.

“Proportionate Share” means, as of the date of calculation for any issue of the Local Obligations, the percentage derived by dividing the outstanding principal amount of such Local Obligations by the principal amount of the Outstanding Bonds.

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

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

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

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

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

“Redemption Fund” means the fund by that name established with respect to any Local Obligation.

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

“Representation Letter” means the representation letter dated as of the Closing Date for a Series among the Authority, the Trustee and DTC.

“Reserve Policy Costs” means all amounts due under the Guaranty Agreement.

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

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

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

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041‑0099 Attn. Call Notification Department, Fax (212) 855‑7232; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Series” means each of the Series A Bonds and Series B Bonds and any other bonds issued pursuant to this Indenture which share some common term or characteristic, which are issued at the same time and which are designated as a separate series of Bonds.

“Series A Bonds” means the South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds (Ladera Ranch), 2014 Series A (Senior Lien Bonds).

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

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

“Series A Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.2(a) hereof.

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

“Series A Reserve Requirement” means an amount equal to the lowest of (i) 10% of the initial principal amount of the Series A Bonds and any Additional Series A Bonds, (ii) Maximum Annual Debt Service on the Outstanding Series A Bonds and any Additional Series A Bonds, or (iii) 125% of Average Annual Debt Service on the Outstanding Series A Bonds and any Additional Series A Bonds, which amount may be satisfied in whole or in part by a Surety Bond. As applied to individual accounts of the Series A Reserve Fund, the Series A Reserve Requirement shall initially be allocated as set forth in Section 4.3(a)(i) hereof.

“Series B Bonds” means the South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds (Ladera Ranch), 2014 Series B (Junior Lien Bonds).

“Series B Event of Default” means any of the events described in Section 9.1 hereof.

“Series B Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.2(b) hereof.

“Series B Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.2(b) hereof.

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

“Series B Reserve Requirement” means an amount equal to 10% of the Maximum Annual Debt Service on the Outstanding Series B Bonds and any Additional Series B Bonds. As applied to individual accounts of the Series B Reserve Fund, the Series B Reserve Requirement shall initially be allocated as set forth in Section 4.3(b)(i) hereof.

“Series of Local Obligations” means each of the Local Obligations issued pursuant to the Local Obligation Resolutions.

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

“Special Taxes” means the taxes authorized to be levied by the CFDs on parcels within the CFDs which have been pledged to repay the Local Obligations pursuant to the CFD Act.

“Standard & Poor’s” and “S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill, its successors and assigns.

“State” means the State of California.

“Subordinated Revenues” means (a) any proceeds of the Series B Bonds originally deposited with the Trustee, (b) all amounts remaining in the Revenue Fund on each Interest Payment Date after the deposits required by Section 4.2(a) have been made, (c) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Series B Bonds (other than the Rebate Fund and the Surplus Fund); and (d) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Series B Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

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

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

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

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

“Trust Office” means the office of the Trustee at which at any particular time its corporate trust business with respect to this Indenture shall be administered, which office at the date hereof is located in Los Angeles, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

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

“Yield” has the meaning given to such term in the Code.

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

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

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

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

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

# ISSUANCE OF BONDS

## **Terms of Bonds**. The Series A Bonds and the Series B Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be dated as of their Closing Date and be designated the “South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds (Ladera Ranch), 2014 Series A (Senior Lien Bonds),” which shall be issued in the original aggregate principal amount of [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_] Dollars ($\_\_\_\_\_\_\_), and the “South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds (Ladera Ranch), 2014 Series B (Junior Lien Bonds),” which shall be issued in the original aggregate principal amount of [\_\_\_\_\_\_\_\_\_\_\_\_\_] Dollars ($\_\_\_\_\_\_\_\_\_\_).

The Bonds shall be issued in fully registered form without coupons only in Authorized Denominations. The Bonds shall mature on August 15 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360‑day year of twelve 30‑day months) at the rates, as follows:

|  |  |  |
| --- | --- | --- |
|  | **Series A Bonds** |  |
| ***Maturity Date (August 15)*** | ***Principal Amount*** | ***Interest Rate Per Annum*** |
|  | $ | % |
|  |  |  |

|  |  |  |
| --- | --- | --- |
|  | **Series B Bonds** |  |
| ***Maturity Date (August 15)*** | ***Principal Amount*** | ***Interest Rate Per Annum*** |
|  | $ | % |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

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

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

## **Redemption of Bonds**.

### Optional Redemption.

### (i) The Series A Bonds maturing on or before August 15, 20\_\_ are not subject to optional call and redemption prior to maturity. The Series A Bonds maturing on or after August 15, 20\_\_ may be redeemed at the option of the Authority, from any source of available funds, prior to maturity, on any date, as a whole, or in part from such maturities as are selected by the Authority, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series A Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

|  |  |
| --- | --- |
| ***Redemption Dates*** | ***Redemption Price*** |
|  |  |
|  |  |
|  |  |

(ii) Prior to consenting to the optional redemption of any Local Obligation which it has purchased and is held under this Indenture, the Authority shall deliver to the Trustee a certificate of an Independent Accountant or an Independent Financial Consultant verifying that, following such optional redemption of the Local Obligations and redemption of Series A Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds remaining Outstanding following such optional redemption.

(iii) The Authority shall be required to give the Trustee written notice of its intention to redeem Series A Bonds under this Section (a) at least forty‑five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee, in the sole determination of the Trustee, such notice intended for the convenience of the Trustee).

(iv) The Series B Bonds are not subject to optional redemption prior to maturity.

### Mandatory Sinking Fund Redemption of Series A Bonds. The Series A Bonds maturing on August 15, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part, on August 15, 20\_\_, and on each August 15 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Series A Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, and shall be paid at maturity as follows:

|  |  |
| --- | --- |
| ***Redemption Date  (August 15)*** | ***Redemption  Amount*** |
| 20\_\_ | $ |
| 20\_\_(maturity) |  |

### Mandatory Sinking Fund Redemption of Series B Bonds. The Series B Bonds shall be subject to mandatory sinking fund redemption prior to maturity, in part, on August 15, 20\_\_, and on each August 15 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Series B Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, and shall be paid at maturity as follows:

|  |  |
| --- | --- |
| ***Redemption Date  (August 15)*** | ***Redemption  Amount*** |
| 20\_\_ | $ |
| 20\_\_ (maturity) |  |

### In the event that any of the Series A Bonds maturing on August 15, 20\_\_ are redeemed pursuant to the optional redemption provision set forth in paragraph (a) above, the sinking fund payments for such Series A Bonds redeemed will be reduced as nearly as practicable on a proportionate basis in integral multiples of $5,000.

### Notice of Redemption. The Trustee on behalf, and at the expense, of the Authority shall give notice of any redemption to the respective Owners of any Bonds designated for redemption either by first class mail, postage prepaid at their respective addresses appearing on the Bond Register, or electronically in accordance with the procedures of DTC with respect to the Series A Bonds, and with respect to the Series A Bonds shall provide notice electronically to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so given nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers (if any), Series, Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

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

Unless funds for the optional redemption of any Series A Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Owners, such notice shall state that such redemption is conditional and subject to the deposit of funds with the Authority. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series A Bonds then called for redemption, then such redemption shall not occur and the Trustee shall give notice rescinding the notice of redemption in the same manner as the original notice of redemption was sent. Such rescission and cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall deliver notices of any rescission and cancellation of a redemption in the same manner as the original notice of redemption was sent.

### Upon the payment by the Trustee from the applicable account in the Revenue Fund of the redemption price of the Bond being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

### Selection of Bonds of a Maturity for Redemption. Unless otherwise provided hereunder, whenever provision is made in this Indenture or in the applicable Supplemental Indenture for the redemption of less than all of the Bonds of a maturity of a Series of the Bonds, the Trustee shall select the Bonds to be redeemed in Authorized Denominations from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate Authorized Denominations equal to the principal amount thereof divided by the minimum Authorized Denomination for such Series, and such separate Authorized Denominations shall be treated as separate Bonds which may be separately redeemed.

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

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

## **Form of Bonds**. The Series A Bonds and the Series B Bonds, the form of Trustee’s certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A and Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

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

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

## **Transfer of Bonds**. Subject to Section 2.10, any Bond may in accordance with its terms, be transferred, upon the Bond Register, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount. No Bonds selected for redemption shall be subject to transfer pursuant to this Section nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption. Notwithstanding the foregoing, a Series B Bond Owner may only transfer the Series B Bonds so long as the Series B Bonds are transferred to a new Series B Bond Owner who has delivered an Letter of Representations (in the form attached as Exhibit C hereto) to the Authority.

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

Notwithstanding the foregoing, an Owner of the Series B Bonds may only transfer Series B Bonds in aggregate principal amounts of not less than $5,000,000 to a “qualified institutional buyer” within the meaning of Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended; provided that such transferee executes a Letter of Representations. Any transfer of Series B Bonds that is not made in accordance with this Section 2.5 shall be null and void.

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

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

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

The Authority and the Trustee may treat the person whose name appears on the Bond Register as the absolute Owner of any Bond for any and all purposes, and any notice to the contrary shall not affect the Authority and the Trustee. The Authority and the Trustee may rely on the address of the Owner as it appears in the Bond Register for any and all purposes. It shall be the duty of each Owner to give written notice to the Trustee of any change in such Owner’s address so that the Bond Register may be revised accordingly.

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

## **Book Entry System**.

### All Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each maturity date of the Bonds. The Series B Bonds shall initially be delivered as registered Bonds in the name of the Series B Bonds Owner and shall not be delivered as book-entry Bonds. Upon initial issuance, the ownership of each Series A Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. Except as provided in Section 2.10(d) hereof, all Outstanding Series A Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

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

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

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

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

##### DTC is unable to discharge its responsibilities with respect to the Series A Bonds, or

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

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

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

### [Upon request of the Owners of all Outstanding Series B Bonds, the Series B Bonds will be converted to book-entry Bonds and become subject to the provisions of this Section 2.10.]

# DEPOSIT AND APPLICATION OF PROCEEDS

## **Issuance of Bonds**. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds of each Series of in the principal amounts set forth in Section 2.1 hereof to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

## **Application of Proceeds of Sale of Bonds and Funds Received from the Community Facilities Districts**. Upon the receipt by the Trustee of (i) payment for the Series A Bonds in the amount of $[\_\_\_\_\_\_\_\_] and the Series B Bonds in the amount of $[\_\_\_\_\_\_\_\_], (ii) moneys from the Community Facilities Districts for deposit in the Series A Reserve Fund in the amount of $[\_\_\_\_\_\_\_\_\_\_] and in the Series B Reserve Fund in the amount of $[\_\_\_\_\_\_\_], and (iii) payments for Costs of Issuance from the Community Facilities Districts in the amount of $[\_\_\_\_\_\_\_\_], the Trustee shall apply said funds as follows:

### $[\_\_\_\_\_\_\_\_\_] of the proceeds of the Bonds shall be deposited in the Purchase Fund for the acquisition of the Local Obligations in accordance with Section 3.5 below;

### $[\_\_\_\_\_\_\_\_\_] of the funds received by the Trustee from the Community Facilities Districts shall be deposited in the Costs of Issuance Fund for the payment of Costs of Issuance in accordance with Section 3.4 below;

### $[\_\_\_\_\_\_\_\_\_] of the funds from the Community Facilities Districts shall be deposited in the Series A Reserve Fund as set forth in Section 4.3(a)(i) hereof to satisfy the Series A Reserve Requirement; and

### $[\_\_\_\_\_\_\_\_\_] of the funds from the Community Facilities Districts shall be deposited in the Series B Reserve Fund, as set forth in Section 4.3(b)(i) hereof to satisfy the Series B Reserve Requirement.

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

In addition, the Trustee shall receive confirmation that the Original Purchaser of the Series A Bonds has paid the amount of $[\_\_\_\_\_\_\_\_\_\_] directly to the Insurer in payment of its Surety Bond premium associated with the Series A Bonds.]

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

## **Costs of Issuance Fund**. The Trustee shall establish and maintain a fund known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in Section 3.2(b) above. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt by the Trustee of a Request of the Authority. Each such Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is one hundred twenty (120) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund shall be closed and the Trustee shall no longer be obligated to make payments for Costs of Issuance. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and upon receipt of such request by the Trustee, the Trustee shall comply with such request.

## **Purchase Fund**. The Trustee shall establish and maintain a separate fund to be known as the “Purchase Fund” into which shall be deposited the proceeds of sale of the Bonds of each Series received by the Authority from the Underwriter as set forth in Section 3.2(a) hereof. The Trustee shall use the proceeds of the Bonds to purchase Local Obligations on the Closing Date; provided, however, that such Local Obligations may be purchased only if the Trustee has received a certificate of an Independent Financial Consultant or Independent Accountant stating that the Revenues and Subordinated Revenues to be available to the Trustee, assuming timely payment of the Local Obligations, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds.

## **Reserve Fund**. The Trustee shall establish and maintain a separate fund to be known as the “Series A Reserve Fund” and within such fund, accounts to be known as the “CFD No. 2002-1 Reserve Account” and the “CFD No. 2003-1 Reserve Account,” which shall be administered as provided in Section 4.3(a) hereof.

The Trustee shall also establish and maintain a separate fund to be known as the “Series B Reserve Fund” and within such fund, accounts to be known as the “CFD No. 2002-1 Reserve Account” and the “CFD No. 2003-1 Reserve Account,” which shall be administered as provided in Section 4.3(b) hereof.

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

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

## **Administrative Expense Fund**. The Trustee shall establish and maintain a separate fund to be held by the Trustee and known as the “Administrative Expense Fund” into which shall be deposited the amounts specified in Section 4.2(e). The moneys in the Administrative Expense Fund shall be used to pay Authority Administrative Expenses or shall be transferred to the Surplus Fund, in either case, upon receipt of a Requisition of the Authority.

# REVENUES; FLOW OF FUNDS

## **Pledge of Revenues; Assignment of Rights**. Subject to the provisions of Sections 6.3 and 10.3 hereof, the Series A Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues. The Series A Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Series A Bond over any other Series A Bond; and the payment of the interest on and principal of the Series A Bonds and any premiums upon the redemption of any Series A Bonds shall be and are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by this Indenture.

Subject to the provisions of Sections 6.3 and 10.3 hereof, the Series B Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Subordinated Revenues. The Series B Bonds shall be equally secured by a pledge, charge and lien upon the Subordinated Revenues without priority for any Series B Bonds over any other Series B Bonds; and the payment of the interest on and principal of the Series B Bonds shall be and are secured by an exclusive pledge, charge and lien upon the Subordinated Revenues. So long as any of the Bonds are Outstanding, the Subordinated Revenues shall not be used for any purpose except as is expressly permitted by this Indenture.

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

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds, and upon satisfaction of all claims against the Authority hereunder including all fees, charges and expenses of the Trustee and the Authority which are properly payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all funds and accounts pertaining to the Bonds, (except any amounts on deposit in the Rebate Fund and except moneys necessary to pay principal of, premium, if any, and interest on the Bonds, which moneys shall be held by the Trustee pursuant to Section 10.3), shall no longer be considered Revenues or Subordinated Revenues and are not pledged to repay the Bonds. Such amounts shall be transferred to the paying agent for each series of Local Obligations then outstanding proportionately based on their respective Proportionate Share. In the event that the Local Obligations have been paid or defeased, then any such amounts shall be paid by the Trustee to the Authority to be used by the Authority for any lawful purpose.

## **Receipt, Deposit and Application of Revenues; Revenue Fund**. Subject to Section 4.2(a)(iv) below, all Revenues described in clause (a) of the definition thereof in Section 1.1 shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund for application in accordance with Section 4.2(a) and (b) below; provided, however, that Revenues received as a result of a redemption of Local Obligations or other amounts made available by the Authority to the Trustee to redeem Bonds shall be deposited to the Redemption Account and be applied in the amounts and on the dates required to effect the redemption of Bonds in accordance with Section 2.2(a) hereof.

### On each Interest Payment Date, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts for the Series A Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

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

#### Series A Principal Account. On each February 15, the Trustee shall deposit in the Series A Principal Account an amount equal to one-half of the principal amount of the Series A Bonds that will become due and payable on the next succeeding August 15 whether at maturity or by sinking fund redemption. On each August 15 on which principal of the Series A Bonds shall be payable, the Trustee shall deposit in the Series A Principal Account an amount required to cause the aggregate amount on deposit in the Series A Principal Account to equal the principal amount of the Series A Bonds coming due and payable on such date whether at maturity or by sinking fund redemption. All moneys in the Series A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series A Bonds due upon mandatory sinking fund redemption and at the maturity thereof.

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

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

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

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

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

### On each Interest Payment Date after making the deposits required under subsection (a) above, subject to Section 4.2(b)(iv) below, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts, Subordinated Revenues in the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Subordinated Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

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

#### Series B Principal Account. On each August 15 on which principal of the Series B Bonds shall be payable, whether at maturity or by sinking fund redemption, the Trustee shall deposit in the Series B Principal Account Subordinated Revenues in an amount required to cause the aggregate amount on deposit in the Series B Principal Account to equal the principal amount of the Series B Bonds coming due and payable on such date. All moneys in the Series B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series B Bonds due upon mandatory sinking fund redemption and at the maturity thereof.

#### Series B Reserve Fund. On each August 15 on which the balance in the Series B Reserve Fund is less than the Series B Reserve Requirement, after making deposits required under (i) and (ii) above, the Trustee shall transfer from the Revenue Fund an amount sufficient to increase the balance in the Series B Reserve Fund to the Series B Reserve Requirement by depositing the amount necessary to make the various accounts therein equal, together, the Series B Reserve Requirement, provided the value of the moneys deposited therein, as invested, shall be valued at market value on such transfer date for purposes of making such determination.

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

First, to make payments required pursuant to Section 9.3 upon the occurrence of a Series B Event of Default as described in Section 9.1(a);

Second, to the Series B Reserve Fund to replenish the amount on deposit therein to the Series B Reserve Requirement as set forth in Section 4.3(b)(iii), and

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

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

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

### On August 15 of each year, after making the deposits required under subsections (a), (b), (c) and (d) above, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a Request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund so specified.

### On each date that the Trustee receives Revenues constituting a redemption of Local Obligations to be applied to redeem Bonds in accordance with Section 2.2(a), or other amounts paid to the Trustee by the Authority, the Trustee shall deposit such amounts into the Redemption Account and shall apply such amounts to redeem Bonds in accordance with Section 2.2(a).

## **Reserve Funds**.

### Series A Reserve Fund.

#### There shall be maintained in the Series A Reserve Fund an amount equal to the Series A Reserve Requirement [of which $[\_\_\_\_\_\_\_] shall be initially deposited in the CFD No. 2002‑1 Reserve Account, and $[\_\_\_\_\_\_\_] shall be initially deposited in the CFD No. 2003‑1 Reserve Account, such amounts being the initial portion of the Series A Reserve Requirement required to be on deposit in each account.] [The [A portion of the] Series A Reserve Requirement will initially be satisfied by the Surety Bond, which shall be credited to the CFD No. 2002-1 Account in the amount of $[\_\_\_\_\_\_], and to the CFD No. 2003-1 Account in the amount of $[\_\_\_\_\_\_]. The Series A Reserve Requirement may be satisfied in whole or in part by the Surety Bond.] There shall be maintained in each of such Accounts an amount equal to the Series A Reserve Requirement multiplied by the Proportionate Share for such Account and in the event of a draw on an Account, such Account shall be returned to its Proportionate Share of the Series A Reserve Requirement as described below. In the event that the amount of the Series A Reserve Requirement is changed, the Trustee shall, upon receipt of a Request of the Authority, adjust the shares of each account to reflect the new Series A Reserve Requirement.

#### Moneys in the Series A Reserve Fund shall be used solely for the purposes set forth in this Section 4.3(a). Subject to the limitations set forth in the following paragraph, amounts in the Series A Reserve Fund may be applied to pay the principal of and interest on the Series A Bonds when the moneys in the Series A Interest Account and the Series A Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Series A Reserve Fund may be applied (i) in connection with an optional redemption of Series A Bonds pursuant to Section 2.2 or a defeasance pursuant to Section 10.3, (ii) when the balance therein equals the principal and interest due on the Series A Bonds to and including maturity, or (iii) when the amount in an account of the Series A Reserve Fund is transferred to the Series A Interest Account and the Series A Principal Account as a credit against the payments due on the Local Obligations secured by such account on the transfer dates specified in subsection (v) below.

#### Except as otherwise provided herein, all money in the Series A Reserve Fund and the Series A Reserve Accounts therein shall be used and withdrawn by the Trustee solely for the purpose of making transfers as described in this Section 4.3(a)(iii). If the amounts in the Series A Interest Account or the Series A Principal Account of the Revenue Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Series A Bonds when due, the Trustee shall withdraw from the Series A Reserve Fund for deposit in the Series A Interest Account and the Series A Principal Account, as applicable, moneys necessary for such purposes in the following priority and subject to the following limitations: if the insufficiency was caused by a delinquency in the payment of a Local Obligation, the moneys necessary to make up the deficiency in the Series A Interest Account or the Series A Principal Account caused by the delinquency on the Local Obligation shall be transferred from the Account of the Series A Reserve Fund established for the Community Facilities District which issued such Local Obligation. Amounts in an Account of the Series A Reserve Fund established for a Community Facilities District may be transferred to the Series A Interest Account or Series A Principal Account only to the extent necessary to cure any default on any Local Obligation of such Community Facilities District and may not be transferred to cure any default on any other Local Obligation.

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

##### First, to the Series A Reserve Account for the Local Obligations of such Community Facilities District that amount necessary to increase the amount on deposit in such account to the applicable Proportionate Share of the Series A Reserve Requirement; and

##### Second, to the Revenue Fund.

#### On August 15 of each year, any interest earned on the investment of moneys on deposit in the Series A Reserve Fund which would cause the amount therein to exceed the Series A Reserve Requirement shall be applied as set forth in Section 4.5 hereof.

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

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

##### In the event and to the extent that moneys on deposit in the Series A Reserve Fund, plus all amounts on deposit in and credited to the Series A Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due on the Series A Bonds, then, upon the later of: (i) one (1) day after receipt by the General Counsel of the Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the “Demand for Payment”), duly executed by the Trustee certifying that payment due under this Indenture has not been made to the Trustee; or (ii) the payment date of the Series A Bonds as specified in the Demand for Payment presented by the Trustee to the General Counsel of the Insurer, the Insurer will make a deposit of funds in an account with the Trustee, or its successor, sufficient for the payment to the Trustee of amounts which are then due to the Trustee under this Indenture (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage (as defined in the Surety Bond).

##### The Trustee, if appropriate, shall, after submitting to the Insurer the Demand for Payment as provided in (a) above, make available to the Insurer all records relating to the Series A Bonds funds and accounts maintained under this Indenture.

##### The Trustee, if appropriate, shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Series A Reserve Fund to the extent of moneys received pursuant to such Demand for Payment.

##### Prior to replenishing any required cash balance in an Account of the Series A Reserve Fund, Revenues and Local Obligations Delinquency Revenues deposited to an Account of the Series A Reserve Fund from which a draw on the Surety Bond was made shall be transferred by the Trustee to the Insurer to pay the amount owing under the Guaranty Agreement.

### Series B Reserve Fund.

#### There shall be deposited and maintained in the Series B Reserve Fund an amount equal to the Series B Reserve Requirement of which $[\_\_\_\_\_] shall be initially deposited in the CFD No. 2002‑1 Reserve Account, and $[\_\_\_\_\_\_] shall be initially deposited in the CFD No. 2003‑1 Reserve Account, such amounts being the initial such amounts being the initial shares of the Series B Reserve Requirement for each account. There shall be maintained in each of such Accounts an amount equal to the Series B Reserve Requirement multiplied by the Proportionate Share for such Account and in the event of a draw on an Account, such Account shall be returned to its Proportionate Share of the Series B Reserve Requirement as described below. In the event that the amount of the Series B Reserve Requirement is changed, the Trustee shall, upon receipt of a Request of the Authority, adjust the shares of each account to reflect the new Series B Reserve Requirement.

#### Moneys in the Series B Reserve Fund shall be used solely for the purposes set forth in this Section 4.3(b). Subject to the limitations set forth in the following paragraph, amounts in the Series B Reserve Fund may be applied (i) to pay the principal of and interest on the Series B Bonds when due when the moneys in the Series B Interest Account and the Series B Principal Account of the Revenue Fund are insufficient therefor, (ii) in connection with a defeasance pursuant to Section 10.3, (iii) when the balance therein equals the principal and interest due on the Series B Bonds to and including maturity, or (iv) when the amount in an account of the Series B Reserve Fund is transferred to the Series B Interest Account and the Series B Principal Account as a credit against the payments due on the Local Obligations secured by such account on the transfer dates specified below.

#### Except as otherwise provided herein, all money in the Series B Reserve Fund and the Series B Reserve Accounts therein shall be used and withdrawn by the Trustee solely for the purpose of making transfers as described in this Section 4.3(b)(iii). If the amounts in the Series B Interest Account or the Series B Principal Account of the Revenue Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Series B Bonds when due, the Trustee shall withdraw from the Series B Reserve Fund for deposit in the Series B Interest Account and the Series B Principal Account, as applicable, moneys necessary for such purposes in the following priority and subject to the following limitations: if the insufficiency was caused by a delinquency in the payment of a Local Obligation, the moneys necessary to make up the deficiency in the Series B Interest Account or the Series B Principal Account caused by the delinquency on the Local Obligation shall be transferred from the Account of the Series B Reserve Fund established for the Community Facilities District which issued such Local Obligation. Amounts in an Account of the Series B Reserve Fund established for a Community Facilities District may be transferred to the Series B Interest Account or Series B Principal Account only to the extent necessary to cure any default on any Local Obligation of such District and may not be transferred to cure any default on any other Local Obligation.

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

First, to the Series B Reserve Account for such Local Obligations that amount necessary to increase the amount on deposit in such account to the applicable Proportionate Share of the Series B Reserve Requirement, which deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on the Local Obligations from which the Local Obligations Delinquency Revenues were received.

Second, the remaining Local Obligations Delinquency Revenues, if any, shall be transferred to the Revenue Fund.

#### On August 15 of each year, any interest earned on the investment of moneys on deposit in the Series B Reserve Fund which would cause the amount therein to exceed the Series B Reserve Requirement shall be applied as set forth in Section 4.5 hereof.

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

## **Surplus Fund**. Any amounts transferred to the Surplus Fund pursuant to subsection 4.2 hereof shall no longer be considered Revenues or Subordinated Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on August 15 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, the remaining balance, if any, in the Surplus Fund shall (i) as set forth in a Request of the Authority be transferred by the Trustee to the paying agent for credit to the special tax fund of either or both of the Community Facilities Districts, or (ii) as set forth in a Request of the Authority be applied to the redemption of Local Obligations pursuant to the terms of either or both of the Local Obligations Resolutions. In the event the Local Obligations have been redeemed or defeased in whole, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of expenses of the Authority, the County or the Community Facilities Districts relating to the Bonds, the Local Obligations, the Community Facilities Districts, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

On August 15 of the year preceding the year of the final maturity of the Bonds, the remaining balance in the Surplus Fund shall be credited by the Trustee as set forth in a Request of the Authority, to either or both of the special tax funds established with respect to Local Obligations of the Community Facilities Districts. Such amounts shall be applied to reduce debt service payments on Local Obligations.

## **Investments**. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee shall be entitled to conclusively rely on any such Request of the Authority and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (8) of the definition thereof. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to this Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made; provided, however, that all interest or gain derived from the investment of amounts in the Reserve Funds shall, to the extent the balance in any account thereof exceeds, on August 15 of each year, its respective share of the Series A Reserve Requirement as set forth in Section 4.3(a) hereof, be withdrawn by the Trustee on such August 15, commencing August 15, 2014, and deposited in the corresponding account of the Series B Reserve Fund, with any amounts in excess of such account’s proportionate share of the Series B Reserve Requirement to be deposited on such August 15 to the special tax fund of the corresponding Community Facilities District to be applied to the payment of debt service on the applicable Local Obligations on the next Interest Payment Date.

For purposes of acquiring any investments hereunder, the Trustee may commingle moneys held by it in any of the funds and accounts held by it hereunder. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted herein through its own investment department. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 4.5.

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

## **Valuation and Disposition of Investments**. For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account shall be valued at the original cost thereof (excluding any brokerage commissions and excluding any accrued interest) provided that the investment of any funds held in the Reserve Funds, shall be valued at fair market value and marked to market at least quarterly by the Authority.

# COVENANTS OF THE AUTHORITY

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

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

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

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

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

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

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

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

### The Authority shall be in compliance with all covenants set forth in this Indenture and all Supplemental Indentures;

### The proceeds of such Additional Bonds shall be applied to accomplish a refunding of all or a portion of the Bonds Outstanding as specified in a Request of the Authority; provided, however, that Additional Series B Bonds may be applied to redeem Series A Bonds or Additional Series A Bonds only if all Outstanding Series A Bonds and Additional Series A Bonds will be defeased in whole or if otherwise consented to by the Owners of all Outstanding Series B Bonds and Additional Series B Bonds then Outstanding. If issued, Additional Series A Bonds shall be secured and paid hereunder in the same manner and on a parity with the Series A Bonds, and this Indenture may be modified and amended in accordance with Section 7.1(d) hereof to secure and pay such Additional Series A Bonds on a parity with the Series A Bonds. If issued, Additional Series B Bonds shall be secured and paid hereunder in the same manner and on a parity with the Series B Bonds, and this Indenture may be modified and amended in accordance with Section 7.1(d) hereof to secure and pay such Additional Series B Bonds on a parity with the Series B Bonds;

### The Supplemental Indenture providing for the issuance of such Additional Bonds shall provide that interest thereon shall be payable on February 15 and August 15, and principal thereof shall be payable on August 15 in any year in which principal is payable;

### Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Accountant or an Independent Financial Consultant which certifies that the Annual Debt Service in each Bond Year on the Additional Bonds does not exceed the Annual Debt Service in each Bond Year on the Bonds defeased or redeemed with the proceeds of such Additional Bonds;

### The Supplemental Indenture providing for the issuance of such Additional Bonds may provide for the establishment of separate funds and accounts;

### No Event of Default shall have occurred and be continuing with respect to the Bonds or any of the Local Obligations; and

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

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

### Private Activity. The Authority will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

### Arbitrage. The Authority will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

### Federal Guarantee. The Authority will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

### Miscellaneous. The Authority will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

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

## **Rebate Fund**.

### Establishment. The Trustee shall establish a Rebate Fund and shall maintain therein separate accounts (solely from amounts deposited by the Authority) for each Series designated the “Rebate Account” and the “Alternative Penalty Account.” For purposes of calculating rebate under this Section 5.8 only, the Series A Bonds and the Series B Bonds shall be treated as a single series. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the Authority shall cause to be deposited in each such account of the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Account for a Series shall be governed by this Section 5.8 and the Tax Certificate for such Series, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding any other provision of this Indenture, the Trustee shall be deemed conclusively to have complied with this Section 5.8 and the Tax Certificate if it follows the directions set forth in any Request of the Authority or Certificate of the Authority and shall be fully protected in so doing. The Trustee shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Authority with the terms of this Section 5.8 or the Tax Certificate.

### Rebate Account. The following requirements shall be satisfied with respect to the Rebate Account for each Series:

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

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

#### *Payment to the Treasury*. The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Account for each Series,

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

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

In the event that, prior to the time of any payment required to be made from a Rebate Account, the amount in such Rebate Account is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with the Trustee an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038 T (which form shall be completed and provided by the Authority to the Trustee), or shall be made in such other manner as provided under the Code, in each case as specified in a Request of the Authority delivered to the Trustee.

### Alternative Penalty Account.

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

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

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

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

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

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

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

The Authority, the Trustee and a Community Facilities District may at any time consent to, amend or modify any of the Local Obligations of such Community Facilities District pursuant to the terms thereof, (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Owners if such amendment or modification is for any one or more of the following purposes:

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

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

### to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of Bond Counsel filed with the Trustee.

## **Sale of Local Obligations**. Notwithstanding anything in this Indenture to the contrary, the Authority may cause the Trustee to sell, from time to time, all or a portion of a Series of Local Obligations, provided that the Authority shall deliver to the Trustee:

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

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

### an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of this Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

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

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

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

## **Pledged Revenues**. The Authority represents it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues that ranks on a parity with or prior to the pledge granted under this Indenture. The Authority shall not hereafter make any pledge or assignment of, lien on, or security interest in the Revenues payable senior to or on a parity with the pledge of Revenues established under this Indenture.

# THE TRUSTEE

## **Appointment of Trustee**. U.S. Bank National Association, with a corporate trust office presently located in Los Angeles, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee which is a trust company, association or bank of good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, with a combined capital and surplus of at least Seventy‑Five Million Dollars ($75,000,000), and subject to supervision or examination by federal or state authority, so long as any Bonds are Outstanding. If such bank, association or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.1, the combined capital and surplus shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

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

### The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

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

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

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

### The Trustee shall be protected and shall incur no liability in acting, or refraining from acting in good faith and without negligence, in reliance upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at such person’s request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

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

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

### The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds of the Series to which such Event of Default relates and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in Section 10.12 hereof, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

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

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

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

### Before taking any action referred to in Sections 6.5, 8.2, 9.2, or this Article, the Trustee may require that an indemnity bond satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

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

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

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

### The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instruction and/or direction the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

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

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

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

## **Intervention by Trustee**. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.2(1) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

## **Removal of Trustee**. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 days’ prior written notice to the Trustee, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee. Upon any such removal, the Authority shall appoint a successor or successors thereto; provided that any such successor shall be a bank, association or trust company meeting the requirements set forth in Section 6.1 hereof.

## **Resignation by Trustee**. The Trustee and any successor Trustee may at any time give prior written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority, the Community Facilities Districts and the County by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Bond Register.

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

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

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

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

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

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

## **Indemnification; Limited Liability of Trustee**. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, officials, directors, agents and employees, harmless from and against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder unless indemnity reasonably satisfactory to it against such liability or risk is provided to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of the Indenture) of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The rights of the Trustee and the obligations of the Authority under this Section 6.12 shall survive termination of this Indenture, discharge of the Bonds and resignation or removal of the Trustee.

# MODIFICATION AND AMENDMENT OF THE INDENTURE

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

This Indenture and the rights and obligations of the Authority and of the Owners of either Series of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes

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

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

### to amend any provision hereof relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds, including, but not limited to, amending the procedures set forth in Section 5.8 hereof with respect to the calculation of Rebatable Arbitrage; or

### to amend any provision hereof to place any Additional Series A Bonds on a parity with the Series A Bonds and any Additional Series B Bonds on a parity with the Series B Bonds for all purposes of this Indenture, including, but not limited to, for the purpose of exercising all rights and remedies hereunder; or

### to amend the provisions of Section 4.4 hereof.

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

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

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

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

# EVENTS OF DEFAULT AND REMEDIES OF SERIES A BOND OWNERS

## **Series A Events of Default**. The following events shall be Series A Events of Default hereunder.

* + 1. Default in the due and punctual payment of the principal of any Series A Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;
    2. Default in the due and punctual payment of any installment of interest on any Series A Bond when and as such interest installment shall become due and payable;
    3. Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Series A Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series A Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Trustee’s fees and expenses, which must be cured within such 30 day period) shall not constitute a Series A Event of Default hereunder if the Authority shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time;
    4. The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or
    5. A Series B Event of Default.

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

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

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

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

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

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

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

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

### first to the payment of all installments of interest on the Series A Bonds then due and unpaid,

### second, to the payment of all installments of principal of the Series A Bonds then due and unpaid, and

### third, to the payment of interest on overdue installments of principal and interest on Series A Bonds.

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

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

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

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

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

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

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

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

# EVENTS OF DEFAULT AND REMEDIES OF SERIES B BOND OWNERS

## **Series B Events of Default**. The following events shall be Series B Events of Default hereunder.

* + 1. Default in the due and punctual payment of the principal of any Series B Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
    2. Default in the due and punctual payment of any installment of interest on any Series B Bond when and as such interest installment shall become due and payable;
    3. Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Series B Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series B Bonds at the time Outstanding; provided that such default (other than a default in payment of the Trustee’s fees and expenses, which must be cured within such 30‑day period unless waived by the Trustee) shall not constitute a Series B Event of Default hereunder if the Authority shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or
    4. The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

## **Remedies; Rights of Series B Bond Owners**. Upon the occurrence of a Series B Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Series B Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture; provided, however, that the Trustee shall take no action under this or any other Section of Article IX that would impair the receipt of Revenues necessary to pay the Series A Bonds when due unless a majority in aggregate principal amount of the Outstanding Series A Bonds shall have consented to such action.

If a Series B Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Series B Bonds and indemnified as provided in Section 6.2(1), and subject to the limitations set forth in the first paragraph of this Section the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article IX, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Series B Bond Owners.

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

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

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

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

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

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

* + 1. first, to the payment of all installments of interest on the Series B Bonds then due and unpaid,
    2. second, to the payment of principal of all installments of the Series B Bonds then due and unpaid, and
    3. third, to the payment of interest on overdue installments of principal and interest on Series B Bonds.

## **Power of Trustee to Control Proceedings**. Subject to the limitations set forth in Section 9.2, in the event that the Trustee, upon the happening of a Series B Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Series B Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series B Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues a Series B Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Series B Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to the Trustee shall have been provided to it. Any suit, action or proceeding which any Owner of Series B Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Series B Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Series B Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Series B Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Series B Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

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

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

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

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

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

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

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

# MISCELLANEOUS

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

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

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

## **Discharge of Indenture**. The Authority may pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

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

### by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Any Outstanding Bond or Bonds shall be deemed to have been paid and discharged under (c) above if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to Section 2.2(e) hereof or provision satisfactory to the Trustee shall have been made for the mailing of such notice, (ii) a verification report of an Independent Accountant shall be delivered to the Trustee, and (iii) an opinion of Bond Counsel shall be delivered to the Trustee to the effect that the requirements of this Indenture have been satisfied with respect to such discharge of Bonds. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues, Subordinated Revenues, and other funds provided for in this Indenture with respect to such Bonds, as applicable, and all other pecuniary obligations of the Authority under this Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in Sections 5.7 and 6.12 hereof, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, to pay all expenses and costs of the Trustee and to comply with the covenants contained in Section 5.7 hereof. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the County or the Community Facilities Districts, as applicable.

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

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

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

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

## **Execution of Documents by Bond Owners**. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 10.6.

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

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

## **Disqualified Bonds**. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority, the County or the Community Facilities Districts (but excluding Bonds held in any employees’ or retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request, the Authority shall specify to the Trustee those Bonds disqualified pursuant to this Section 10.7 and the Trustee may conclusively rely upon such certificate.

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

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

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

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

## **Notices**. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Authority: South Orange County Public Financing Authority  
c/o County of Orange  
333 West Santa Ana Boulevard, 3rd Floor   
Santa Ana, CA 92701  
Attention: Public Finance Manager

If to the Community

Facilities Districts

(as applicable): [Name of Community Facilities District]  
c/o County of Orange  
333 West Santa Ana Boulevard, 3rd Floor   
Santa Ana, CA 92701  
Attention: Public Finance Manager

If to the Trustee: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

If to Standard & Poor’s: Standard & Poor’s Corporation  
55 Water Street  
New York, New York 10041  
Attention: Municipal Finance Department

The Authority, the County and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

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

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

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

SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY

By:

Chairman

Attest:

By:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:

Authorized Officer

**EXHIBIT A**

**FORM OF SERIES A BOND**

R‑\_\_ $\_\_\_\_\_\_\_\_\_\_

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

**UNITED STATES OF AMERICA**

**STATE OF CALIFORNIA**

**COUNTY OF ORANGE**

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE REFUNDING BOND (LADERA RANCH), 2014 SERIES A**

**(SENIOR LIEN BONDS)**

|  |  |  |  |
| --- | --- | --- | --- |
| *INTEREST RATE:* | *MATURITY DATE:* | *DATED DATE:* | *CUSIP NUMBER:* |
| \_\_\_\_% | August 15, 20\_\_ | \_\_\_\_\_\_, 20\_\_ |  |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:   
AND NO/100 DOLLARS

The SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Revenues and other funds hereinafter referred to) to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to August 1, 2014, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on August 15 and February 15 in each year, commencing August 15, 2014 (each, an “Interest Payment Date”) until the Maturity Date stated above or date of redemption of this Bond. The Principal Amount hereof is payable upon presentation and surrender hereof at the Trust Office (as defined in the Indenture) of U.S. Bank National Association (the “Trustee”). Interest hereon is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books of the Trustee as of the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs; provided, however, that payment of interest may be made by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more upon written instructions of any such registered owner filed with the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date.

This Bond is one of a duly authorized Series of bonds of the Authority designated the “South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds (Ladera Ranch), 2014 Series A (Senior Lien Bonds)” (the “Bonds”), limited in principal amount to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Dollars ($[Principal Amount]), secured by an Indenture of Trust dated as of January 1, 2014 (the “Indenture”), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

This Bond is a limited obligation of the Authority, payable solely from the Revenues and funds pledged under the Indenture. This Bond is not a debt of County of Orange (the “County”), the various community facilities districts of the County (the “Community Facilities Districts”) as identified in the Indenture, or the State of California (the “State”) or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of said County, Community Facilities Districts, the State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

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

The Bonds have been issued to provide funds to purchase certain obligations of the Community Facilities Districts (collectively, the “Local Obligations”). The Community Facilities Districts, in turn, will take the proceeds that it receives from the sale of the Local Obligations to the Authority to refund certain outstanding indebtedness of the Community Facilities Districts, all as more particularly described in the Indenture. The obligations of the Community Facilities Districts to make payments of principal and interest on the Local Obligations are limited obligations secured only as set forth therein.

### The Bonds maturing on or before August 15, 20\_\_ are not subject to optional call and redemption prior to maturity. The Series A Bonds maturing on or after August 15, 20\_\_ may be redeemed at the option of the Authority, from any source of available funds prior to maturity, on any date, as a whole, or in part from maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being made in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, and by lot within a maturity, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

|  |  |
| --- | --- |
| ***Redemption Dates*** | ***Redemption Price*** |
|  |  |
|  |  |
|  |  |

The Bonds maturing on August 15, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part, on August 15, 20\_\_, and on each August 15 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium and be paid at maturity, as follows:

|  |  |
| --- | --- |
| ***Redemption Date  (August 15)*** | ***Redemption  Amount*** |
|  | $ |
| (maturity) |  |

In the event that Bonds maturing on August 15, 20\_\_ are redeemed pursuant to the optional redemption provision described above, the sinking fund payments will be reduced as nearly as practicable on a proportionate basis in integral multiples of $5,000.

The Trustee on behalf, and at the expense of, the Authority shall mail by first class mail, postage prepaid, notice of any redemption (other than mandatory sinking fund redemption) to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee and to the Securities Depositories and to the Information Services (as such terms are defined in the Indenture), at least thirty (30) but not more than sixty (60) days prior to the redemption date; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

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

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

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

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

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

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

IN WITNESS WHEREOF, the SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chairman and attested by the facsimile signature of its Secretary, all as of the date set forth above.

SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY

By:

Chairman

Attest:

Secretary

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

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

Date: \_\_\_\_\_\_\_\_, 2014 U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:

Authorized Signatory

**[FORM OF LEGAL OPINION]**

The attached is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, 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.

Secretary of the South Orange County Public Financing Authority

**[FORM OF ASSIGNMENT]**

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

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

Signature guaranteed:

|  |  |
| --- | --- |
| NOTE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. | NOTE: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever |

**EXHIBIT B**

**FORM OF SERIES B BOND**

R‑\_\_ $\_\_\_\_\_\_\_\_\_

**THIS BOND MAY ONLY BE TRANSFERRED TO AN “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144(A)(a)(1) UNDER THE SECURITIES ACT OF 1933, AS AMENDED, SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.**

**UNITED STATES OF AMERICA**

**STATE OF CALIFORNIA**

**COUNTY OF RIVERSIDE**

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE REFUNDING BOND (LADERA RANCH), 2014 SERIES B  
(JUNIOR LIEN BONDS)**

|  |  |  |  |
| --- | --- | --- | --- |
| *INTEREST RATE:* | *MATURITY DATE:* | *DATED DATE:* | *CUSIP NUMBER:* |
| \_\_\_\_\_% | August 15, 20\_\_ | \_\_\_\_\_\_\_, 20\_\_ |  |

REGISTERED OWNER: BANK OF NEVADA

PRINCIPAL AMOUNT:   
AND NO/100 DOLLARS

The SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Subordinated Revenues and other funds hereinafter referred to) to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to August 1, 2014, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on August 15 and February 15 in each year, commencing August 15, 2014 (each, an “Interest Payment Date”) until the Maturity Date stated above or date of redemption of this Bond. The Principal Amount hereof is payable upon presentation and surrender hereof at the Trust Office (as defined in the Indenture) of U.S. Bank National Association (the “Trustee”). Interest hereon is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books of the Trustee as of the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs; provided, however, that payment of interest may be made by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more upon written instructions of any such registered owner filed with the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date.

This Bond is one of a duly authorized Series of bonds of the Authority designated the “South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds (Ladera Ranch), 2014 Series B (Junior Lien Bonds)” (the “Bonds”), limited in principal amount to \_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_), secured by an Indenture of Trust dated as of January 1, 2014 (the “Indenture”), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Subordinated Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

This Bond is a limited obligation of the Authority, payable solely from the Revenues and funds pledged under the Indenture. This Bond is not a debt of the County of Orange (the “County”), the various community facilities districts of the County (the “Community Facilities Districts”) as identified in the Indenture, or the State of California (the “State”) or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of said County, Community Facilities Districts, the State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

The Bonds are authorized to be issued pursuant to the provisions of the Marks‑Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”). The Bonds are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien on and pledge of the Subordinated Revenues held by the Trustee as provided in the Indenture, on a basis subordinate to the Authority’s $[\_\_\_\_\_\_\_\_\_\_] Special Tax Revenue Refunding Bonds, 2014 Series A (Senior Lien Bonds) (the “Senior Bonds”), which also have been issued under the Indenture. The Subordinated Revenues constitute a trust fund for the security and payment of the principal of and interest on the Bonds, except to the extent otherwise provided in the Indenture. The full faith and credit of the Authority is not pledged to the payment of the principal of or interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Subordinated Revenues as provided in the Indenture.

The Bonds have been issued to provide funds to purchase certain obligations of the Community Facilities Districts (collectively, the “Local Obligations”). The Community Facilities Districts, in turn, will take the proceeds that it receives from the sale of the Local Obligations to the Authority to refund certain outstanding indebtedness of the Community Facilities Districts, all as more particularly described in the Indenture. The obligations of the Community Facilities Districts to make payments of principal and interest on the Local Obligations are limited obligations secured only as set forth therein.

The Bonds are not subject to optional redemption prior to their stated maturity dates.

The Bonds maturing on August 15, 20\_\_ shall be subject to mandatory sinking fund redemption prior to their respective dates of maturity, in part, on August 15, 20\_\_, and on each respective August 15 thereafter, by lot, from sinking fund payments at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, and be paid at maturity, as follows:

|  |  |
| --- | --- |
| ***Redemption Date (August 15)*** | ***Redemption  Amount*** |
|  | $ |
|  |  |
| 20\_\_ (maturity) |  |

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

This Bond is transferable by the Registered Owner hereof, in person or by its attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

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

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

IN WITNESS WHEREOF, the SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chairman and attested by the facsimile signature of its Secretary, all as of the date set forth above.

SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY

By:

Chairman

Attest:

Secretary

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

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

Date: \_\_\_\_\_\_\_\_, 2014 U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:

Authorized Signatory

**[FORM OF LEGAL OPINION]**

The attached is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, 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.

Secretary of the South Orange County Public Financing Authority

**[FORM OF ASSIGNMENT]**

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

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

Signature guaranteed:

|  |  |
| --- | --- |
| NOTE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. | NOTE: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever |

**EXHIBIT C**

**FORM OF LETTER OF REPRESENTATIONS**

South Orange County Public Financing Authority

Santa Ana, California

Re: South Orange County Public Financing Authority

Special Tax Revenue Refunding Bonds, 2014 Series B (Junior Lien Bonds)

The undersigned, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Purchaser”), hereby certifies, represents, and warrants to the South Orange County Public Financing Authority (the “Authority”) as follows:

(i) The Purchaser has purchased on the date hereof the above-referenced bonds (the “Bonds”), the outstanding principal amount of which is $\_\_\_\_\_\_\_\_\_\_\_, issued pursuant to the Indenture of Trust, dated as of January 1, 2014 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee, and acknowledged and agreed to by the Purchaser, as the original purchaser of the Bonds.

(ii) The Bonds are being acquired by the Purchaser for its own account only and not with a present intent for any resale or distribution thereof, in whole or in part, to others; provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Bonds in accordance with the terms and conditions set forth in the Indenture. The Purchaser is not participating, directly or indirectly, in a distribution of the Bonds and will not take, or cause to be taken, any action that would cause the Purchaser to be deemed an “underwriter” of such Bonds as defined in Section 2(11) of the Securities Act of 1933, as amended (the “Securities Act”). The Purchaser understands that the Authority has no obligation to register the Bonds for resale under the Securities Act. The Purchaser further understands that the Bonds are being sold in a transaction that is exempt from the registration requirements of the Securities Act. The Purchaser acknowledges that the Authority will not be entering into a continuing disclosure agreement for the Bonds pursuant to Section 15c2-12 of the Securities Exchange Act of 1934, as amended.

(iii) The Purchaser has received and carefully read all information and other items of disclosure relating to the Authority and the Bonds that the Purchaser has deemed material (the “Disclosure Items”) for it to make an informed investment decision with respect to its purchase of the Bonds and, in connection therewith, has had access to all other materials, books, records, documents, and information relating to the Authority and the Bonds, and has been able to verify the accuracy of, and supplement, the information contained therein. The Purchaser acknowledges that the Authority has prepared no disclosure document in connection with the offering of the Bonds and that the Bonds are not being offered pursuant to the Official Statement prepared with respect to the offer and sale of the Authority’s Series A Bonds pursuant to the Indenture. Purchaser shall have no right to bring any claim for damages against the Authority, the CFDs or the County related to any alleged misstatement or omission of a material fact in the Official Statement.

(iv) The Purchaser has had an opportunity to ask questions of, and receive satisfactory answers from, duly designated representatives of the Authority concerning the terms and conditions pursuant to which the offer to purchase the Bonds is being made, and any request for such information has been fully complied with to the extent the Authority possesses such information or can acquire it without unreasonable effort or expense.

(v) The Purchaser is a commercial bank and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of making a loan of the Bond Proceeds based upon (i) the information (including the information set forth in the Disclosure Items) furnished to it by the Authority; (ii) its or such representative’s personal knowledge of the business and affairs of the Authority; (iii) the records, files, and plans of the Authority, to all of which it or such representative has had full access; (iv) such additional information as it or such representative may have requested and have received from the Authority; and (v) the independent inquiries and investigations undertaken by it or such representative.

(vi) The Purchaser represents that it can bear the economic risk of loss of its entire loan; it has adequate means for providing for its current needs and personal contingencies; and it has no need for liquidity with respect to its investment in the Bonds.

(vii) The Purchaser’s overall commitment to the loan with the Authority that are not readily marketable is not disproportionate to its net worth, and its purchase of the Bonds will not cause such overall commitment to become excessive.

(viii) The Purchaser certifies that it is a “qualified institutional buyer” within the meaning of Rule 144A(a)(1) promulgated under the Securities Act and applicable state securities laws (a “Qualified Investor”).

(ix) No person has given any information or made any representation not contained in any Disclosure Items referred to above or otherwise provided to the Purchaser in writing by a person employed or authorized in writing by the Authority. The Purchaser understands and agrees that any information or representation not contained therein must not, and will not, be relied upon and that nothing contained therein should be construed as legal or tax advice to the Purchaser.

(x) No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own tax counsel and other advisors with respect to an investment in the Bonds.

(xi) The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed, and delivered by the Purchaser.

(xii) The Purchaser acknowledges that it has the right to sell and transfer the Bonds to another Qualified Purchaser in a minimum denomination of $5,000,000, subject to the delivery to the Trustee of a letter from the transferee to the same effect as this Letter of Representations, with no revisions except as may be approved in writing by the Authority. The Purchaser understands that the Trustee will not be required to accept for registration of transfer any Bonds unless such transferee is a Qualified Purchaser and the letter is delivered to the Trustee, and failure to deliver such letter shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Authority, the CFDs, the County and the Trustee with respect to any claim asserted against the Authority, the CFDs, the County or the Trustee that is based upon a sale, transfer or other disposition of the Bonds in violation of the provisions of the Indenture.

(xiii) The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Purchaser further agrees that it will not transfer the Bonds to be held in a pool, trust or similar arrangement.

(xiv) The Purchaser understands that no credit rating has been sought or obtained with respect to the Bonds, and the Purchaser acknowledges that the purchase of the Bonds involves significant investment risks.

DATED: \_\_\_\_\_\_\_\_\_\_

[PURCHASER]

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_