

**FISCAL AGENT AGREEMENT
DATED AS OF AUGUST 1, 2012**

Executed by

**COMMUNITY FACILITIES DISTRICT NO. 1
(WESTPORT AT MANDALAY BAY)
OF THE CITY OF OXNARD**

acting through the

**CITY COUNCIL OF THE
CITY OF OXNARD,**

as its legislative body,

and by

WELLS FARGO BANK, NATIONAL ASSOCIATION

as the Fiscal Agent

Relating to:

**[\$[PRINCIPAL AMOUNT]
Community Facilities District No. 1
(Westport at Mandalay Bay)
of the City of Oxnard 2012
Special Tax Refunding Bonds**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	5
Section 1.01 Definitions.....	5
Section 1.02 Rules of Construction	11
Section 1.03 Authorization	11
ARTICLE II THE BONDS	11
Section 2.01 Authorization	11
Section 2.02 Type and Nature of Bonds	11
Section 2.03 Equality of Bonds, Pledge of Net Taxes.....	12
Section 2.04 Description of Bonds; Interest Rates	12
Section 2.05 Form of Bonds and Certificate of Authentication and Registration	13
Section 2.06 Execution and Authentication.....	13
Section 2.07 Registration of Exchange or Transfer	14
Section 2.08 Mutilated, Lost, Destroyed, or Stolen Bonds.....	14
Section 2.09 Temporary Bonds.....	14
Section 2.10 Bond Register.....	15
Section 2.11 Unclaimed Moneys	15
Section 2.12 Nonpresentment of Bonds.....	15
ARTICLE III REDEMPTION OF BONDS.....	15
Section 3.01 Redemption of Bonds	15
Section 3.02 Notice to Fiscal Agent	17
Section 3.03 Redemption Procedure by Fiscal Agent	17
Section 3.04 Effect of Redemption.....	18
ARTICLE IV FUNDS AND ACCOUNTS	18
Section 4.01 Funds and Accounts.....	18
Section 4.02 Disposition of Bond Proceeds and Amounts Held under Prior Bonds Indenture	18
Section 4.03 Special Tax Fund	19
Section 4.04 Administrative Expense Fund.....	20
Section 4.05 Bond Service Fund.....	20
Section 4.06 Rebate Fund	21
ARTICLE V INVESTMENTS	22
Section 5.01 Investments	22
ARTICLE VI COVENANTS.....	23
Section 6.01 Punctual Payment.....	23
Section 6.02 Limits on Additional Debt	23
Section 6.03 Levy of Special Tax	23
Section 6.04 Commencement of Foreclosure Proceedings.....	23

Section 6.05	Books and Accounts	23
Section 6.06	Tax Covenants	23
Section 6.07	General	24
Section 6.08	Extension of Payment of Bonds.....	24
Section 6.09	Protection of Rights	24
Section 6.10	No City Covenants.....	24
Section 6.11	Private Activity Bond Limitation.....	24
Section 6.12	Federal Guarantee Prohibition	25
Section 6.13	No Arbitrage	25
Section 6.14	Maintenance of Tax-Exemption	25
Section 6.15	State Reporting Requirements	25
ARTICLE VII FISCAL AGENT		26
Section 7.01	Employment of the Fiscal Agent	26
Section 7.02	Acceptance of Employment.....	26
Section 7.03	Fiscal Agent; Duties, Removal and Resignation	26
Section 7.04	Compensation of the Fiscal Agent.....	27
Section 7.05	Protection of the Fiscal Agent.....	27
ARTICLE VIII DEFEASANCE.....		29
Section 8.01	Defeasance	29
ARTICLE IX SUPPLEMENTAL FISCAL AGENT AGREEMENTS.....		30
Section 9.01	Supplemental Fiscal Agent Agreements without Bond Owner Consent	30
Section 9.02	Supplemental Fiscal Agent Agreement with Bond Owner Consent.....	31
Section 9.03	Notice of Supplemental Fiscal Agent Agreement to Bond Owners	31
ARTICLE X MISCELLANEOUS		32
Section 10.01	Cancellation of Bonds.....	32
Section 10.02	Execution of Documents and Proof of Ownership	32
Section 10.03	Provisions Constitute Contract	33
Section 10.04	Severability	34
Section 10.05	Notice.....	34
Section 10.06	Personal Liability	35
Section 10.07	Validity of Multiple Copies	35
Section 10.08	Headings	35
Section 10.09	Governing Law	35
Section 10.10	Counterparts.....	35
EXHIBIT A	FORM OF BOND.....	A-1
EXHIBIT B	ADMINISTRATIVE EXPENSE PAYMENT REQUEST FORM	B-1
EXHIBIT C	AUTHORIZED INVESTMENTS	C-1

FISCAL AGENT AGREEMENT

This FISCAL AGENT AGREEMENT, dated as of August 1, 2012 (this “**Fiscal Agent Agreement**”), is executed by and between COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD (the “**District**”) acting through the City Council (the “**City Council**”) of the City of Oxnard, California (the “**City**”), as the legislative body of the District, and by WELLS FARGO BANK, NATIONAL ASSOCIATION, as Fiscal Agent (the “**Fiscal Agent**”) on behalf of the Owners of the Bonds (as such terms are hereafter defined).

WITNESSETH:

WHEREAS, on October 3, 2000, the City Council adopted Resolution No. 11,823, which established the District and called for an election to approve the levy of special taxes (the “**Special Taxes**”) within the District at the rate and method set forth in Attachment A to Resolution No. 11,823, which levy of the Special Taxes was approved by the qualified electors of the District at an election held on October 3, 2000; and

WHEREAS, on October 3, 2000, the City Council also adopted Resolution No. 11,824, which determined the necessity to incur bonded indebtedness in an amount not to exceed \$10,000,000 within the District, which bond authorization was approved by the qualified electors of the District at an election held on October 3, 2000; and

WHEREAS, on October 24, 2000, the City Council adopted Ordinance No. 2541 authorizing the levy of the Special Taxes within the District at the rate and method set forth in Attachment A to Resolution No. 11,823; and

WHEREAS, on September 18, 2001, the City Council adopted Resolution No. 12,031, which, pursuant to a petition filed by the sole property owner within the District, considered the adoption of a Revised Rate and Method of Apportionment for Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard (the “**Revised Rate and Method**”) and called for a public hearing thereon; and

WHEREAS, on December 11, 2001, the City Council adopted Resolution No. 12,067, to hold a public hearing on January 29, 2002, to consider the adoption of the Revised Rate and Method; and

WHEREAS, on January 29, 2002, after a public hearing was held, the City Council adopted Resolution No. 12,081, which authorized the levy of the Special Tax pursuant to the Revised Rate and Method and called for an election by the qualified electors of the District to approve the Revised Rate and Method; and

WHEREAS, the qualified electors of the District approved the adoption of the Revised Rate and Method at an election held on January 29, 2002; and

WHEREAS, on February 5, 2002, the City Council adopted Ordinance No. 2591, which made certain amendments to Ordinance No. 2541; and

WHEREAS, on November 19, 2002, the City Council adopted Resolution No. 12,270, which authorized the issuance of bonds for the District in an aggregate principal amount of not to exceed \$10,000,000; and

WHEREAS, on December 19, 2002, the City Council issued \$9,740,000 aggregate principal amount of the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2002 Special Tax Bonds (the “**Prior Bonds**”), of which \$9,140,000 is outstanding as of the date hereof; and

WHEREAS, the foregoing actions of the City Council and the qualified electors of the District were made pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code, known as the “Mello Roos Community Facilities Act of 1982” (the “**Act**”); and

WHEREAS, pursuant to Resolution No. _____ adopted by the City Council, as the legislative body of the District, on July 17, 2012, the District has determined to issue up to \$_____ aggregate principal amount of Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “**Bonds**”) secured by the Special Taxes levied within the District to provide moneys to refund the Prior Bonds and has authorized the execution of the Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds from time to time, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium (if any) and interest thereon, the District has authorized the execution and delivery of this Fiscal Agent Agreement; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the District, authenticated and delivered by the Fiscal Agent and duly issued, the valid, binding and legal limited obligations of the District, and to constitute this Fiscal Agent Agreement 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 this Fiscal Agent Agreement has been in all respects duly authorized;

NOW, THEREFORE, THIS FISCAL AGENT AGREEMENT WITNESSETH:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

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

“**Administrative Expense Fund**” means the fund created hereunder designated as “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Administrative Expense Fund.”

“**Administrative Expenses**” mean the ordinary and necessary costs of administering the levy and collection of the Special Taxes and all other administrative costs and incidental expenses related to the Bonds or the Special Taxes, including but not limited to annual audit fees, Fiscal Agent fees, Escrow Holder fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, costs of compliance with disclosure obligations of the District and other costs permitted by the Act.

“**Authorized Investments**” means, subject to Section 5.01 hereof, any of the investments listed in Exhibit C attached hereto and incorporated herein by this reference, provided at the time of investment the investment is a legal investment under the laws of the State of California for the moneys proposed to be invested therein.

“**Authorized Representative of the District**” means the City Manager, City Attorney, Mayor, Chief Financial Officer, City Treasurer, or any other officer or employee of the City authorized by the City Council or by an Authorized Representative of the District to undertake the action referenced in this Fiscal Agent Agreement as required to be undertaken by an Authorized Representative of the District.

“**Bond Counsel**” means any attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“**Bond Insurer**” means any company insuring the bonds of the City of Oxnard Financing Authority, the proceeds of which bonds will be used to purchase the Bonds.

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

“**Bonds**” means the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds authenticated and delivered under this Fiscal Agent Agreement.

“**Bond Service Fund**” means the fund created hereunder designated as “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Bond Service Fund.”

“**Bond Year**” means the period of twelve consecutive months ending on September 1 in any year during which Bonds are or will be Outstanding; provided, however, that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

“Business Day” means a day that is not a Saturday, Sunday, or legal holiday on which banking institutions in the State, or in any state in which the Principal Office of the Fiscal Agent is located, are closed, or a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the Treasurer of the State of California or any successor agency or bureau thereto.

“Chief Financial Officer” means the Chief Financial Officer of the City, or any designee thereof.

“City” means the City of Oxnard, California.

“City Council” means the City Council of the City.

“Closing Date” means the date on which the Bonds are delivered to the City of Oxnard Financing Authority.

“Code” means the Internal Revenue Code of 1986, as amended.

“Depository” or **“Securities Depositories”** means The Depository Trust Company, 55 Water Street, 22nd Floor, New York, New York 10041-0099, Attn. Call Notification Department, Facsimile transmission: (212) 855-7232, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other depositories, or no such depositories, as the District may indicate in a certificate of the District to the Fiscal Agent.

“District” means Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard.

“Escrow Agreement” means the Escrow Agreement, dated as of August 1, 2012, by and between the District, acting through the City Council, and the Escrow Holder relating to the Prior Bonds, as may be amended or supplemented.

“Escrow Fund” means the fund by that name which is established in the Escrow Agreement.

“Escrow Holder” means Wells Fargo Bank, National Association, acting in its capacity as such under the Escrow Agreement, and any successor thereto.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by, the United States of America; and

(b) direct obligations of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Agent” means Wells Fargo Bank, National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America having a corporate trust office in Los Angeles, California, or its successor as the Fiscal Agent hereunder.

“Fiscal Year” means the twelve-month period ending on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

“Gross Taxes” mean (i) all Special Taxes and (ii) all proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and this Fiscal Agent Agreement for the delinquency of such Special Taxes.

“Fiscal Agent Agreement” means this Fiscal Agent Agreement, dated as of August 1, 2012, by and between the District and the Fiscal Agent, as amended or supplemented pursuant to the terms hereof.

“Indenture” means the Indenture of Trust, dated as of August 1, 2012, by and between the City of Oxnard Financing Authority and the Trustee, as amended or supplemented pursuant to the terms thereof.

“Information Services” means: Financial Information, Inc.’s “Financial Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s Investors Service “Municipal and Government,” 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addressees providing information with respect to called bonds as the District may designate in writing to the Fiscal Agent.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2013.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term Moody’s shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Fiscal Agent.

“Net Taxes” mean the amount of all Gross Taxes minus Administrative Expenses.

“Outstanding” or **“Outstanding Bonds”** means all Bonds theretofore or thereupon being authenticated and delivered by the Fiscal Agent under this Fiscal Agent Agreement except:

(1) Bonds theretofore cancelled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to this Fiscal Agent Agreement; and

(3) Bonds for the payment of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Fiscal Agent in accordance with Section 8.01 hereof (whether on or prior to the maturity date of such Bonds).

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

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

“Prepayment Account” means the account within the Bond Service Fund and designated as “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Prepayment Account.”

“Principal Office” means the principal office of the Fiscal Agent, located in Los Angeles, California.

“Prior Bonds” means the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2002 Special Tax Bonds issued on December 19, 2002, in \$9,740,000 aggregate principal amount. As of the Closing Date, \$9,140,000 in principal amount of the Prior Bonds are outstanding.

“Prior Bonds Acquisition and Construction Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Acquisition and Construction Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Costs of Issuance Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Costs of Issuance Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Bond Payment Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Bond Payment Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Indenture” means the Indenture, dated as of December 1, 2002, by and between the District and Wells Fargo Bank, National Association, as fiscal agent thereunder.

“Prior Bonds Letter of Credit Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Letter of Credit Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Rebate Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Rebate Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Redemption Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Redemption Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Reserve Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Reserve Fund,” established and administered under the Prior Bonds Indenture.

“Prior Bonds Special Tax Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Special Tax Fund,” including the Administrative Expense Account established and created therein, established and administered under the Prior Bonds Indenture.

“Prior Bonds Surplus Fund” means the fund designated “Community Facilities District No. 1 (Westport at Mandalay Bay) Surplus Fund,” established and administered under the Prior Bonds Indenture.

“Project” means the acquisition, construction and installation of certain real and other tangible property with an estimated useful life of five (5) years or longer, as more particularly described in the Resolution of Formation.

“Revised Rate and Method” means the Revised Rate and Method of Apportionment for Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard included as Exhibit A to the Revised Community Facilities District Report dated January 15, 2002, prepared pursuant to Section 53321.5 of the California Government Code.

“Rebate Requirement” has the meaning given to such term in the Tax Certificate.

“Rebate Fund” means the fund created hereunder designated as “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Rebate Fund.”

“Record Date” means the fifteenth calendar day of the month preceding any Interest Payment Date.

“Resolution of Formation” means Resolution No. 11,823 adopted by the City Council on October 3, 2000.

“S&P” means Standard & Poor’s Credit Markets Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Special Taxes” mean the annual special taxes authorized under the Act to be levied on property lying within the District, as described in the Revised Rate and Method and in accordance with the Act.

“**Special Tax Fund**” means the fund created hereunder designated as “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Special Tax Fund.”

“**State**” means the State of California.

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

“**Tax Certificate**” means the Tax Certificate executed and delivered by the District on the Closing Date.

“**Trustee**” means Wells Fargo Bank, National Association, as Trustee under the Indenture.

Section 1.02 Rules of Construction. Words of the masculine gender shall be deemed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

Section 1.03 Authorization. The parties executing this Fiscal Agent Agreement hereby represent and warrant that they have full legal authority and are duly empowered to execute this Fiscal Agent Agreement, and have taken all action necessary to authorize the execution and delivery of this Fiscal Agent Agreement.

ARTICLE II

THE BONDS

Section 2.01 Authorization. The Bonds may be issued hereunder from time to time in order to obtain funds for the purpose of refinancing the Prior Bonds; provided that the aggregate principal amount of the Bonds which may be issued and Outstanding hereunder shall not exceed _____ Million _____ Thousand Dollars (\$[PRINCIPAL AMOUNT]). The Bonds are designated generally as “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds.”

Section 2.02 Type and Nature of Bonds. The Bonds and interest thereon are not obligations of the City, but are limited obligations of the District secured by and payable from an irrevocable first lien on the Net Taxes. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and no Owner of the Bonds may compel the exercise of taxing power by the District or the City or the forfeiture of any of their property. The principal of and interest on the Bonds are not a debt of the District, the City, the State, or any political subdivisions of the State within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property or upon any of its income, receipts, or revenues, except the amounts which are, under Section 2.01

of this Fiscal Agent Agreement and the Act, set aside for the payment of the Bonds and interest thereon and neither the members of the City Council, acting as the legislative body of the District, nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

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

Section 2.03 Equality of Bonds, Pledge of Net Taxes. Pursuant to the Act and this Fiscal Agent Agreement, the Bonds shall be equally payable from the Net Taxes without priority for number, issue date, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds shall be exclusively paid from the Net Taxes on deposit in the Special Tax Fund and moneys on deposit in the Bond Service Fund which are hereby set aside for the payment of the Bonds. The Net Taxes on deposit in the Special Tax Fund and moneys on deposit in the Bond Service Fund shall constitute a trust fund held for the benefit of the Owners of the Bonds to be applied to the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement.

Nothing in this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement shall preclude the payment of said Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State.

Section 2.04 Description of Bonds; Interest Rates. The Bonds are hereby created and such Bonds shall be designated “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds.” The Bonds shall be issued in fully registered form in authorized denominations of \$5,000 or any integral multiple thereof. The Bonds shall be issued in the aggregate principal amount of \$[PRINCIPAL AMOUNT] and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall bear interest at the rates as follows:

Maturity (September 1)	Principal Amount	Interest Rate
-----------------------------------	-----------------------------	--------------------------

(maturity)

Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. The principal of the Bonds shall be payable upon presentation and surrender thereof at maturity at the Principal Office of the Fiscal Agent. Interest with respect to each Bond shall accrue from the dated date of the Bonds. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or from the dated date of the Bonds if no interest has been paid or made available for payment. Interest on any Bond shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date at the address which appears on the Bond Register; provided, however, that so long as the Bonds are owned by the City of Oxnard Financing Authority, or in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds upon written request of such Owner to the Fiscal Agent twenty (20) calendar days prior to any Interest Payment Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer. Interest with respect to each Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

Section 2.05 Form of Bonds and Certificate of Authentication and Registration. Except as otherwise provided in Section 2.09 hereof, the Bonds and the certificate of authentication and registration thereon shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference.

Section 2.06 Execution and Authentication. The Bonds shall be executed by the manual or facsimile signature of the Mayor of the City, and attested by the manual or facsimile signature of the City Clerk of the City. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed, or mutilated Bonds), such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices.

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

Section 2.07 Registration of Exchange or Transfer. The registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent and duly executed by the Bond Owner or his or her duly authorized attorney. Bonds may be exchanged at the Principal Office for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Fiscal Agent will not charge for any new Bond issued upon any exchange, but may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the Fiscal Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount. Neither the District nor the Fiscal Agent shall be required to make any such transfer or exchange of Bonds on or after a Record Date and before the next ensuing Interest Payment Date.

Section 2.08 Mutilated, Lost, Destroyed, or Stolen Bonds. If any Bond shall become mutilated, the Fiscal Agent shall authenticate and deliver a new Bond of like tenor, date, maturity, and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be cancelled and delivered to or upon the order of the District. If any Bond shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if an indemnity satisfactory to the Fiscal Agent shall be given, the Fiscal Agent shall authenticate and deliver a new Bond of like tenor and maturity, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed, or stolen. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to have been lost, destroyed, or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated, and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond to replace a Bond which has been mutilated, lost, destroyed, or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bond upon receipt of indemnity satisfactory to the Fiscal Agent.

Section 2.09 Temporary Bonds. Any Bonds issued under this Fiscal Agent Agreement may be initially issued in temporary form exchangeable for definitive bonds. The temporary Bonds may be printed, lithographed, or typewritten, shall be of such denominations as may be determined by the District and may contain such reference to any of the provisions of this Fiscal Agent Agreement as may be appropriate. Every temporary Bond shall be executed by the District and authenticated by the Fiscal Agent in substantially the same manner as provided in Section 2.06 hereof. If the District issues temporary Bonds it will have executed and will furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered for cancellation at the Principal Office of the Fiscal Agent and the District shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of

the same interest rates and maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Fiscal Agent Agreement as definitive Bonds issued hereunder.

Section 2.10 Bond Register. The Fiscal Agent will keep or cause to be kept, at the Principal Office, sufficient books for the registration and transfer of the Bonds which shall at all times during reasonable business hours be open to inspection by the District, and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Bond Register, Bonds as herein provided.

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

Section 2.11 Unclaimed Moneys. All moneys which the Fiscal Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held for the respective Owners of such Bonds, but any moneys which shall be so set aside or deposited by the Fiscal Agent and which shall remain unclaimed by the Owners of such Bonds for a period of two (2) years after the date on which any payment with respect to such Bonds shall have become due and payable shall be transferred to the General Fund of the City; provided, however, that the Fiscal Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid, and by a single publication in The Bond Buyer not less than ninety (90) calendar days prior to the date of such payment to the effect that said moneys has not been claimed and that after a date named therein any unclaimed balance of said moneys then remaining will be transferred to the General Fund of the City. Thereafter, the Owners of such Bonds shall look only to the General Fund of the City for payment and then only to the extent of the amount so received without any interest thereon.

Section 2.12 Nonpresentment of Bonds. Except as otherwise provided in Section 2.11 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Fiscal Agent for the benefit of the Owners thereof, all liability of the District to the Owners thereof shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Fiscal Agent to hold such funds (subject to Section 2.11 hereof), without liability for interest thereon, for the benefit of the Owners of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature with respect to such Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01 Redemption of Bonds.

(a) Optional Redemption. [**CONFIRM:**] The Bonds or any portion of the principal thereof, in the principal amount of \$5,000 or any integral multiple thereof, maturing on or after September 1, 20__, may be redeemed, at the option of the City from any source of funds (excluding Prepayments transferred from the Prepayment Account of the Bond Service Fund) on any Interest Payment Date on or after September 1, 20__, subject to the restrictions upon refunding of bonds specified in the Act, by giving notice as provided in Section 3.02 and by paying the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 20__, and September 1, 20__	_____ %
March 1, 20__, and September 1, 20__	_____ %
March 1, 20__, and thereafter	_____ %

(b) Extraordinary Redemption. [**CONFIRM:**] Each Outstanding Bond or any portion of the principal thereof, in the principal amount of \$5,000 or any integral multiple thereof, may be redeemed and paid in advance of maturity from Prepayments transferred from the Prepayment Account of the Bond Service Fund on any Interest Payment Date in any year, by giving notice as provided in Section 3.02 and by paying the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2013, through September 1, 20__	_____ %
March 1, 20__, and September 1, 20__	_____ %
March 1, 20__, and September 1, 20__	_____ %
March 1, 20__, and September 1, 20__	_____ %
March 1, 20__, and thereafter	_____ %

(c) Mandatory Sinking Fund Redemption. The Bonds maturing on September 2, 20__, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

Mandatory Redemption Date (September 2)	Principal Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

In the event of any optional or extraordinary redemption of Bonds maturing on September 2, 20__, pursuant to subsection (a) or (b) above, the schedule of mandatory sinking fund installments in subsection (c) shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The District shall provide the Fiscal Agent with the amended sinking fund payments schedule calculated as set forth above in a written certificate of the District.

Section 3.02 Notice to Fiscal Agent. The Chief Financial Officer shall notify the Fiscal Agent of Bonds to be called for redemption upon Prepayment of Special Taxes in amounts sufficient therefor, or whenever sufficient surplus funds are available therefor in the Bond Service Fund. The Fiscal Agent shall select Bonds for retirement in such a way that the ratio of Outstanding Bonds to issued Bonds shall be approximately the same in each annual series or maturity insofar as possible. Within each annual series or maturity, the Fiscal Agent shall select Bonds for retirement by lot. The Chief Financial Officer shall give the Fiscal Agent written notice of the aggregate amount of Bonds and maturities to be redeemed pursuant to Section 3.01(a) or (b) not less than forty-five (45) days prior to the applicable redemption date.

Section 3.03 Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause at least thirty (30) days written notice of any redemption to be given by registered or certified mail or by personal service, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Fiscal Agent. If the Owner is other than the City of Oxnard Financing Authority, the Fiscal Agent shall also cause notice of redemption to be mailed to the Securities Depositories and to one or more of the Information Services at least one day earlier than the giving of notice to the Owners as aforesaid; provided, however, such mailing to the Securities Depositories and Information Services shall not be a condition precedent to such redemption and failure to so mail or of any person or entity to receive any such notice, or any defect in any notice of redemption, shall not affect the validity of the proceeding for the redemption of such Bonds. The following shall apply:

(a) **Designation.** Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the Bond numbers of the Bonds to be redeemed by giving the individual Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at said redemption price, and shall state that further interest on such Bonds, or the portion thereof to be redeemed, will not accrue from and after the redemption date.

(b) Payment. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, identify, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(c) New Bonds. Upon surrender of Bonds redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the District, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Section 3.04 Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Service Fund or Prepayment Account on the date fixed for redemption, such Bonds so called shall become due and payable and shall cease to be entitled to any benefit under this Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed by the Fiscal Agent shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and, upon request of the District, issue a certificate of destruction of such Bonds to the District.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01 Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Fiscal Agent for the administration and control of the Special Taxes and the proceeds of the Bonds:

(1) Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Special Tax Fund (the “**Special Tax Fund**”);

(2) Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Administrative Expense Fund (the “**Administrative Expense Fund**”);

(3) Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Bond Service Fund (the “**Bond Service Fund**”), including the Prepayment Account therein; and

(4) Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds Rebate Fund (the “**Rebate Fund**”).

Section 4.02 Disposition of Bond Proceeds and Amounts Held under Prior Bonds Indenture.

(a) The proceeds from the sale of the Bonds in the amount of \$_____ (representing the aggregate principal amount of the Bonds of \$[PRINCIPAL AMOUNT].00, less a purchaser's discount of \$_____, plus one-day's accrued interest on the Bonds of \$_____) shall be deposited as follows:

(1) An amount equal to \$_____ will be transferred to the Escrow Holder for deposit to the Escrow Fund established under the Escrow Agreement;

(2) An amount equal to \$_____ will be transferred to the Trustee for deposit to the Senior Interest Account of the Revenue Fund established under the Indenture; and

(3) An amount equal to \$_____ will be transferred to the Trustee for deposit to the Subordinate Interest Account of the Revenue Fund established under the Indenture.

(b) Concurrently with the delivery of the Bonds, moneys represented by cash and investments in the following funds created under the Prior Bonds Indenture shall be applied, transferred, or maintained as follows:

(1) \$_____ contained in the Prior Bonds Bond Payment Fund shall be transferred to the Escrow Holder for deposit into the Escrow Fund;

(2) \$_____ contained in the Prior Bonds Reserve Fund shall be transferred to the Escrow Holder for deposit into the Escrow Fund;

(3) \$_____ contained in the Prior Bonds Special Tax Fund, including the Administrative Expense Account established and created therein, which fund was established and maintained by the District, shall be transferred to the Escrow Holder for deposit into the Escrow Fund;

(4) **[CONFIRM:]** All amounts, if any, contained in the Prior Bonds Surplus Fund shall be transferred to the Fiscal Agent for deposit into the Special Tax Fund;

(5) All amounts, if any, contained in the Prior Bonds Rebate Fund shall be applied as set forth in the Prior Bonds Indenture; and

(6) No amounts remain or are on deposit in the Prior Bonds Acquisition and Construction Fund, the Prior Bonds Costs of Issuance Fund, the Prior Bonds Letter of Credit Fund, and the Prior Bonds Redemption Fund.

Section 4.03 Special Tax Fund. Upon receipt, the Chief Financial Officer shall deposit all of the Gross Taxes received by the District into the Special Tax Fund. The Fiscal Agent shall, on each date on which the Gross Taxes have been received by the Chief Financial Officer and deposited with the Fiscal Agent, deposit the Gross Taxes in the Special Tax Fund, such Gross Taxes to be held and transferred on the dates and in the amounts set forth in the following Sections, in the following order of priority, to: (1) the Administrative Expense Fund

and (2) the Bond Service Fund. Any amounts remaining on deposit in the Special Tax Fund when there are no longer any Bonds Outstanding shall be transferred to the Rebate Fund, if necessary, and otherwise shall be transferred to the District and used for any lawful purpose under the Act.

Section 4.04 Administrative Expense Fund.

(a) On or before the date amounts are needed to pay Administrative Expenses, the Fiscal Agent shall withdraw from the Special Tax Fund and place in the Administrative Expense Fund an amount necessary, together with amounts on deposit therein, to pay all Administrative Expenses, but any such transfers shall not exceed, in any Fiscal Year, the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses.

(b) Upon receipt of a duly executed Administrative Expense Payment Request Form in substantially the form attached hereto as Exhibit B and incorporated herein by this reference, the Fiscal Agent shall pay the Administrative Expenses. Administrative Expenses shall be paid directly to the person, corporation, or entity entitled to payment hereunder and named as a Payee on the Administrative Expense Payment Request Form. Notwithstanding anything herein to the contrary, the Fiscal Agent may rely on an executed Administrative Expense Payment Request Form as complete authorization for any payments.

(c) The Fiscal Agent shall transfer all amounts remaining on deposit in the Administrative Expense Fund on the final maturity of the Bonds, after payment of any accrued Administrative Expenses, to the Special Tax Fund.

Section 4.05 Bond Service Fund.

(a) On or before ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund to the extent required, and place in the Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal and all of the interest due and payable on all of the Bonds on the next Interest Payment Date. Ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the Bond Service Fund (following the transfer of collected Special Taxes from the City) will be sufficient to pay all of the principal and all of the interest due and payable on the Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the Bond Service Fund or (ii) the insufficiency of such funds, together with the amount of such deficiency. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Service Fund and pay to the Owners of the Bonds the principal of and interest then due and payable on the Bonds. If there are insufficient funds in the Bond Service Fund to make the payments provided for in the first sentence of this Subsection, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, and then to the payment of principal due on the Bonds, and then to payment of principal due on the Bonds by reason of Bonds called for redemption under 3.01 hereof.

(b) Within the Bond Service Fund there is hereby established the Prepayment Account to be held in trust by the Fiscal Agent for the benefit of the District and the Owners. The Prepayment Account shall be used exclusively for the administration of any Prepayments of Special Taxes to assure the timely redemption of Bonds. In the event all of the Special Taxes are prepaid in full, the Prepayment Account shall be closed.

(c) Monies in the Bond Service Fund (and the account therein) shall be invested and deposited in accordance with Section 5.01 hereof. Interest earnings and profits resulting from such investment and deposit shall be retained in the Bond Service Fund (and the account therein).

(d) The Fiscal Agent shall transfer any moneys remaining in the Bond Service Fund when there are no longer Bonds Outstanding to the Special Tax Fund.

Section 4.06 Rebate Fund.

(a) The Fiscal Agent shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Neither the District nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate. The Fiscal Agent shall be deemed conclusively to have complied with such provisions if it follows the directions of the District including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate.

(b) Upon the District's written direction, an amount equal to the Rebate Requirement specified to the Fiscal Agent shall be deposited into the Rebate Fund by the Fiscal Agent from balances in the Special Tax Fund, so that the balance in the Rebate Fund after such deposit shall equal the Rebate Requirement for the Bond Year calculated in accordance with the Tax Certificate. Computations of the Rebate Requirement shall be furnished by or on behalf of the District in accordance with the Tax Certificate.

(c) The Fiscal Agent shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created under this Fiscal Agent Agreement or from other moneys provided to it by the District.

(d) The Fiscal Agent shall invest all amounts held in the Rebate Fund at the written direction of the District in Authorized Investments, subject to the restrictions set forth in the Tax Certificate. The Fiscal Agent shall retain all earnings (calculated by taking into account net gains or losses on sales or exchanges and taking

into account amortized discount or premium as a gain or loss, respectively) on investments held in the Rebate Fund. Money shall not be transferred from the Rebate Fund except as provided in paragraph (e) below.

(e) Upon receipt of the District's written directions, the Fiscal Agent shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, and the District so directs, the Fiscal Agent will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the District's written directions. Any funds remaining in the Rebate Fund after payment of all of the Bonds and payment and satisfaction of any Rebate Requirement shall be withdrawn and remitted to the District.

(f) Notwithstanding any other provision of this Fiscal Agent Agreement, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

ARTICLE V

INVESTMENTS

Section 5.01 Investments. Obligations purchased as investments of moneys in any fund or account in which investments are authorized shall be deemed at all times to be a part of such fund or account. Earnings on the investment of any moneys on deposit in the Special Tax Fund, the Administrative Expense Fund, the Bond Service Fund, or the Rebate Fund shall be held in each such fund or account. Subject to the restrictions set forth herein, moneys in said funds and accounts may be from time to time invested by the Fiscal Agent at the written direction of an Authorized Representative of the District, or if no such written direction is given, in Authorized Investments described in [CONFIRM:] clause (15) of the definition thereof that so long as:

(a) Moneys in the Administrative Expense Fund shall be invested in obligations that will by their terms mature no later than the date on which moneys must be available to meet scheduled payments of Administrative Expenses; and

(b) Moneys in the Bond Service Fund shall be invested only in obligations which will by their terms mature on such dates so as to ensure the payment of principal and interest on the Bonds as the same become due.

Subject to the restrictions set forth in Section 6.06 hereof, the Fiscal Agent shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their original cost. Notwithstanding anything herein to the contrary,

the Fiscal Agent shall not be responsible for any loss from any investments authorized pursuant to this Fiscal Agent Agreement.

ARTICLE VI

COVENANTS

Section 6.01 Punctual Payment. The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder to the extent Net Taxes are available therefor, in strict conformity with the terms of the Bonds and this Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Fiscal Agent Agreement as it may be amended from time to time.

Section 6.02 Limits on Additional Debt. The District covenants that it will not mortgage or otherwise encumber, pledge or place any charge upon any of the Gross Taxes, and will not issue any obligation or security superior to or on a parity with the Bonds, payable in whole or in part from the Net Taxes.

Section 6.03 Levy of Special Tax. Subject to the limitations on the rate of Special Taxes, the District shall levy or cause to be levied the Special Taxes in an amount anticipated to be sufficient, together with any moneys on deposit in the Special Tax Fund or the Bond Service Fund and anticipated to be available, to pay principal of and interest on the Bonds and the Administrative Expenses.

Section 6.04 Commencement of Foreclosure Proceedings. The District shall cause the City, for and on behalf of the District, to annually reconcile Special Tax levies and Special Tax collections and to order, and cause to be commenced, judicial foreclosure proceedings against (i) parcels with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and (ii) all properties with delinquent Special Taxes by the October 1 following the close of any Fiscal Year in which the District receives Special Taxes in an amount that is less than 95% of the total Special Taxes levied. The District shall cause the City, for and on behalf of the District, to diligently prosecute to completion such foreclosure proceedings as may be necessary to collect such delinquent amounts notwithstanding the payment by the County of any Special Taxes under Sections 4701-4717 of the California Revenue and Taxation Code.

Section 6.05 Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax, and the deposits to the Special Tax Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

Section 6.06 Tax Covenants. In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, the District covenants to

comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code in that the District agrees to comply with the Tax Certificate, as such Tax Certificate may be amended from time to time, as a source of guidance for compliance with such provisions. The Fiscal Agent hereby agrees to comply with any written instructions received from the District which the District indicates must be followed in order to comply with the Tax Certificate. This covenant shall survive the payment or defeasance of the Bonds.

Section 6.07 General. The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under the provisions of this Fiscal Agent Agreement. The District warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Fiscal Agent Agreement to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Section 6.08 Extension of Payment of Bonds. The District shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing herein shall be deemed to limit the right of the District to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 6.09 Protection of Rights. The District will preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings, and provisions contained in this Fiscal Agent Agreement or in any Bond issued pursuant to this Fiscal Agent Agreement and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the District that (i) the Act is unconstitutional, (ii) the Special Tax is invalid, or (iii) the Special Taxes cannot be paid by the District for the debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including any initiatives pursuant to Section 3 of Article XIIC of the California Constitution, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the bondholders is includable in gross income for federal income tax purposes, to the extent there are Special Taxes available for such purpose.

Section 6.10 No City Covenants. The covenants contained herein are covenants of the District only and anything in this Article VI to the contrary notwithstanding, no covenant contained herein shall be deemed to have been made by the City, other than any such covenant it may have made in its capacity as legislative body of the District.

Section 6.11 Private Activity Bond Limitation. The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Section 6.12 Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 6.13 No Arbitrage. The District shall not take, or permit or suffer to be taken by the District, the City, the Fiscal Agent, or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 6.14 Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 6.15 State Reporting Requirements. The following requirements shall apply to the Bonds:

(a) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the Bonds, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the Chief Financial Officer shall cause the following information to be supplied to CDIAC: (i) the principal amount of the Bonds Outstanding; (ii) that a reserve fund was not funded from the proceeds of the Bonds; (iii) the amount of any capitalized interest funded from the proceeds of the Bonds and the amount thereof used for payment of the Bonds, if any; (iv) the number of parcels in the District which are delinquent in the payment of Special Taxes, the amount of each delinquency, the length of time delinquent and when foreclosure was commenced for each delinquent parcel; (v) that no new improvement fund moneys were funded from the Bonds; and (vi) the assessed value of all parcels in the District subject to the levy of the Special Taxes as shown in most recent equalized roll. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(b) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, the Fiscal Agent shall notify the Chief Financial Officer of such failure or withdrawal in writing. The Chief Financial Officer shall notify CDIAC and the Bond Owners of such failure within ten (10) days of such failure.

(c) Amendment. The reporting requirements of this Section 6.15 shall be amended from time to time, without action by the City or the Fiscal Agent, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. The Chief Financial Officer shall provide the Fiscal Agent with a copy of any such amendment.

(d) No Liability. None of the City, the District, their respective officers, agents, and employees, or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section 6.15.

ARTICLE VII

FISCAL AGENT

Section 7.01 Employment of the Fiscal Agent. In consideration of the recitals hereinabove set forth and for other valuable consideration, the District hereby agrees to employ the Fiscal Agent to receive, hold, invest, and disburse the moneys received hereunder; to execute, deliver, and transfer the Bonds; and to pay the principal of and interest on the Bonds to the Owners of Bonds; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Fiscal Agent Agreement.

Section 7.02 Acceptance of Employment. In consideration of the compensation herein provided for, the Fiscal Agent accepts the employment above referred to subject to the terms and conditions of this Fiscal Agent Agreement.

Section 7.03 Fiscal Agent; Duties, Removal and Resignation. By executing and delivering this Fiscal Agent Agreement, the Fiscal Agent accepts the duties and obligations of the Fiscal Agent provided in this Fiscal Agent Agreement, but only upon the terms and conditions set forth in this Fiscal Agent Agreement.

The District or the Owners of a majority in aggregate principal amount of all Bonds Outstanding, may by written request to the Fiscal Agent, remove the Fiscal Agent initially a party to this Fiscal Agent Agreement, and any successor thereto, and may appoint a successor Fiscal Agent, but any such successor shall be a bank or trust company doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in this Section 7.03, shall be the successor to the Fiscal Agent 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 Fiscal Agent may resign by giving thirty (30) days written notice to the District and by giving to the Bond Owners notice of such resignation by mail at the addresses shown on the Bond Register maintained by the Fiscal Agent. Upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing; provided, however, that in the event that the District does not appoint a successor Fiscal Agent within

thirty (30) days following receipt of such notice of resignation, the resigning Fiscal Agent may at the expense of the District petition the appropriate court having jurisdiction to appoint a successor Fiscal Agent. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

Notwithstanding any other provision of this Fiscal Agent Agreement, no removal, resignation, or termination of the Fiscal Agent shall take effect until a successor shall be appointed by the District.

Section 7.04 Compensation of the Fiscal Agent. The District shall from time to time, subject to any agreement in effect with the Fiscal Agent, pay to the Fiscal Agent reasonable compensation for its services and shall reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents, and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. The Fiscal Agent shall not have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the District.

Section 7.05 Protection of the Fiscal Agent. The Fiscal Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, opinion, affidavit, voucher, bond, requisition, or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed, or delivered by the proper party or pursuant to any of the provisions of this Fiscal Agent Agreement, and the Fiscal Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Fiscal Agent shall not be bound to recognize any person as an Owner of any Bond or to take any action at the request of any such person unless such Bond shall be deposited with the Fiscal Agent or satisfactory evidence of the ownership of such Bond shall be furnished to the Fiscal Agent. The Fiscal Agent may consult with counsel, who may be counsel to the District or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under this Fiscal Agent Agreement, the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of the District or the City and such certificate shall be full warranty to the Fiscal Agent for any action taken or suffered under the provisions of this Fiscal Agent Agreement upon the faith thereof, but in its discretion the Fiscal Agent may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent may buy, sell, own, hold, and deal in any of the Bonds provided pursuant to this Fiscal Agent Agreement, and may join in any action which any Owner may be entitled to take with like effect as if the Fiscal Agent were not a party to this Fiscal Agent Agreement. The Fiscal Agent, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City or the District, and may act as depository, Fiscal Agent, or agent for any committee or body of Owners of Bonds or of obligations of the District or the City as freely as if it were not the Fiscal Agent hereunder.

The Fiscal Agent may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the Fiscal Agent shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Fiscal Agent shall not be answerable for the exercise of any discretion or power under this Fiscal Agent Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements, and representations by the City or the District contained in this Fiscal Agent Agreement or in the Bonds shall be taken and construed as made by and on the part of the City or District and not by the Fiscal Agent and the Fiscal Agent does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

The Fiscal Agent undertakes to perform such duties, and only such duties as are specifically set forth in this Fiscal Agent Agreement and no implied duties or obligations shall be read into this Fiscal Agent Agreement against the Fiscal Agent.

No provision in this Fiscal Agent Agreement shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

In accepting the trust hereby created, the Fiscal Agent acts solely as the Fiscal Agent for the Owners and not in its individual capacity; and all persons, including without limitation the Owners and the City or the District having any claim against the Fiscal Agent arising from this Fiscal Agent Agreement shall look only to the funds and accounts held by the Fiscal Agent hereunder for payment except as otherwise provided herein. Under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Bonds.

The Fiscal Agent makes no representation or warranty express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose, or fitness for the use contemplated by the City or the District of the Project. In no event shall the Fiscal Agent be liable for incidental, indirect, special, or consequential damages in connection with or arising from this Fiscal Agent Agreement for the existence, furnishing, or use of the Project.

The Fiscal Agent shall not be accountable for the use or application by the City, or the District or any other party of any funds which the Fiscal Agent has released in accordance with the terms of this Fiscal Agent Agreement.

The Fiscal Agent shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds.

The immunities extended to the Fiscal Agent also extend to its directors, officers, employees, and agents.

The Fiscal Agent shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds Outstanding relating to the exercise of any right, power, or remedy available to the Fiscal Agent.

The permissive right of the Fiscal Agent to do things enumerated in this Fiscal Agent Agreement shall not be construed as a duty.

The Fiscal Agent's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expense shall survive its resignation or removal and final payment or defeasance of the Bonds.

ARTICLE VIII

DEFEASANCE

Section 8.01 Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in this Fiscal Agent Agreement, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Taxes and other amounts pledged under this Fiscal Agent Agreement to the repayment of such Bonds, and all covenants, agreements, and other obligations of the District to the Owners of such Bonds under this Fiscal Agent Agreement shall thereupon cease, terminate, and become void and be discharged and satisfied, except for the District's obligations to comply with the tax covenants contained herein. In such event, the Fiscal Agent shall execute and deliver to the District such instruments as may be desirable to evidence such discharge and satisfaction, and, after payment of any amounts due the Fiscal Agent hereunder, the Fiscal Agent shall pay over or deliver to the District all money or securities held by it pursuant to this Fiscal Agent Agreement which are not required for the payment of the interest due on and the principal of such Bonds.

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

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond, as and when the same becomes due and payable, whether at maturity or by prior redemption;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the

Administrative Expense Account) and in the Bond Service Fund and available under the terms of this Fiscal Agent Agreement to pay such Bond, without reinvestment, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable, whether at maturity or by prior redemption; or

(c) by depositing with the Fiscal Agent, or another escrow bank appointed by the District, in trust, noncallable Federal Securities in which the District may lawfully invest its money, in such amount as an independent certified public accountant shall determine will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and in the Bond Service Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable, whether at maturity or by prior redemption;

then, notwithstanding that any Outstanding Bond shall not have been surrendered for payment, all obligations of the District under this Fiscal Agent Agreement with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owner of such Bond not so surrendered and paid all sums due thereon and except for the District's obligations to comply with the tax covenants contained herein.

In connection with a defeasance under clause (c) above, an independent certified public accountant shall provide to the District a certificate stating its opinion as to the sufficiency of the moneys and securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of, premium, if any, and interest on any Outstanding Bond to be defeased in accordance with this Section, as and when the same shall become due and payable, whether at maturity or by prior redemption, and an opinion of Bond Counsel (which may rely on the opinion of the independent certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with this Fiscal Agent Agreement and that such defeasance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Upon a defeasance, the Fiscal Agent shall release the rights of the Owners of such Bonds that have been defeased under this Fiscal Agent Agreement and execute and deliver to the District all such instruments provided to it as may be necessary or desirable to evidence such release, discharge, and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the District any funds, after payment of all fees and expenses of the Fiscal Agent, held by the Fiscal Agent at the time of such defeasance that are not required for the purpose of paying and discharging the principal of, premium, if any, or interest on the Bonds when due. The Fiscal Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bond Owners whose Bonds have been defeased, in the form directed by the District, stating that such defeasance has occurred.

ARTICLE IX

SUPPLEMENTAL FISCAL AGENT AGREEMENTS

Section 9.01 Supplemental Fiscal Agent Agreements without Bond Owner Consent. The District and the Fiscal Agent, may from time to time, and at any time, without

notice to or consent of any of the Bond Owners, enter into such Supplemental Fiscal Agent Agreements as shall not be inconsistent with the terms and provisions hereof (which Supplemental Fiscal Agent Agreements or agreements shall thereafter form a part hereof) for any of the following purposes:

(a) To cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Fiscal Agent Agreement or in any Supplemental Fiscal Agent Agreement, provided that such action shall not adversely affect the interests of the Bond Owners;

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

(c) To modify, alter, amend, or supplement this Fiscal Agent Agreement for any reason in any other respect which is not materially adverse to the interests of Bond Owners.

Section 9.02 Supplemental Fiscal Agent Agreement with Bond Owner Consent.

Exclusive of the Supplemental Fiscal Agent Agreements covered by Section 9.01, the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the execution of such Supplemental Fiscal Agent Agreements as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Fiscal Agent Agreement or in any Supplemental Fiscal Agent Agreement or agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Fiscal Agent Agreement, without the consent of the Owners of all Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by Bond Owners of the execution of any Supplemental Fiscal Agent Agreements or agreements.

Section 9.03 Notice of Supplemental Fiscal Agent Agreement to Bond Owners.

If at any time the District shall desire to enter into a Supplemental Fiscal Agent Agreement, which pursuant to the terms of Section 9.02 shall require the consent of the Bond Owners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Fiscal Agent Agreement. The Fiscal Agent shall, at the expense of the District, cause notice of the proposed Supplemental Fiscal Agent Agreement (or a summary thereof) to be mailed, by first class mail postage prepaid, to all Bond Owners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Fiscal Agent Agreement and shall state that a copy thereof is on file at the office of the Authorized Representative of the District for inspection by all Bond Owners. The failure

of any Bond Owners to receive such notice shall not affect the validity of such Supplemental Fiscal Agent Agreement when consented to and approved by the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding as required by Section 9.02. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Fiscal Agent Agreement described in such notice, and shall specifically consent to and approve the Supplemental Fiscal Agent Agreement substantially in the form of the copy referred to in such notice as on file with the Authorized Representative of the District, such proposed Supplemental Fiscal Agent Agreement, when duly entered into by the District and the Fiscal Agent, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of sixty percent (60%) of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Fiscal Agent Agreement, Bonds which are known to the Fiscal Agent to be owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the execution and delivery by the District and the Fiscal Agent of any Supplemental Fiscal Agent Agreement and the receipt of consent to any such Supplemental Fiscal Agent Agreement from the Owners of not less than sixty percent (60%) in aggregate principal amount of Bonds Outstanding in instances where such consent is required pursuant to the provisions of this Section, this Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Fiscal Agent Agreement of the District, the Fiscal Agent, and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

ARTICLE X

MISCELLANEOUS

Section 10.01 Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity shall, upon payment therefor, be cancelled immediately and forthwith transmitted to or upon the order of the District. Any Bond purchased by the District as authorized herein shall be delivered to the Fiscal Agent and cancelled forthwith and shall not be reissued. All of the cancelled Bonds shall be transferred to and shall remain in the custody of the District until destroyed by the Fiscal Agent pursuant to due authorization.

Section 10.02 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Bond Owners, may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company, or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds

shall be sufficient for the purposes of this Fiscal Agent Agreement (except as otherwise herein provided), if made in the following manner:

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

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. Any notice shall not affect the Fiscal Agent to the contrary.

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

Section 10.03 Provisions Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Fiscal Agent Agreement shall be deemed to be and shall constitute a contract between the District and the Owners from time to time of the Bonds; and the pledge made in this Fiscal Agent Agreement and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection, and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance, shall be of equal rank without preference, priority, or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Fiscal Agent Agreement.

No remedy conferred hereby upon any Bond Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law of the State. No waiver of any default or breach of duty or contract by any Bond Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bond Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bond Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action, or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Bond Owner shall

prevail, said Bond Owner shall be entitled to receive from the Special Tax Fund reimbursement for reasonable costs, expenses, outlays, and attorney's fees and should said suit, action, or proceeding be abandoned, or be determined adversely to the Bond Owners then, and in every such case, the District and the Bond Owners shall be restored to their former positions, rights, and remedies as if such suit, action, or proceeding had not been brought or taken.

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

Section 10.04 Severability. If any covenant, agreement, or provision, or any portion thereof, contained in this Fiscal Agent Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid, or unenforceable, the remainder of this Fiscal Agent Agreement and the application of any such covenant, agreement, or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Fiscal Agent Agreement and the Bonds issued pursuant hereto shall remain valid and the Bond Owners shall retain all valid rights and benefits accorded to them under this Fiscal Agent Agreement and the Constitution and laws of the State.

Section 10.05 Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Fiscal Agent Agreement to be given to or filed with the District, the Fiscal Agent, or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Fiscal Agent Agreement if and when delivered to or sent by certified mail, return receipt requested to:

District: Community Facilities District No. 1
(Westport at Mandalay Bay) of the City of Oxnard
c/o City of Oxnard
300 West Third Street
Oxnard, CA 93030
Attention: Chief Financial Officer

Fiscal Agent: Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Services
Ref: City of Oxnard

Trustee: Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Services
Ref: City of Oxnard

All documents received by the Fiscal Agent under the provisions of this Fiscal Agent Agreement shall be retained in its possession, subject at all times to the reasonable inspection of the District, any Bond Owner, and the agents and representatives thereof.

Section 10.06 Personal Liability. Neither the District nor the City nor any officer, agent, or employee of the District or the City shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent, or employee from the performance of any official duty provided by law.

Section 10.07 Validity of Multiple Copies. This Fiscal Agent Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes, as an original; and such counterpart shall constitute but one and the same instrument.

Section 10.08 Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Fiscal Agent Agreement, nor shall they affect its meaning, construction or effect.

Section 10.09 Governing Law. All provisions of this Fiscal Agent Agreement are to be governed by the laws of the State.

Section 10.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Fiscal Agent Agreement effective as of the date first above written.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as the Fiscal Agent

By: _____
Its: Authorized Officer

ATTEST:

COMMUNITY FACILITIES DISTRICT
NO. 1 (WESTPORT AT MANDALAY BAY)
OF THE CITY OF OXNARD

Daniel Martinez, City Clerk of the
City of Oxnard

By: _____
Dr. Thomas E. Holden, Mayor of the
City of Oxnard

APPROVED AS TO FORM

Alan Holmberg, City Attorney of the
City of Oxnard

APPROVED AS TO CONTENT

James Cameron,
Chief Financial Officer of the
City of Oxnard

**EXHIBIT A
FORM OF BOND**

No. _____

\$ _____

United States of America
State of California

COMMUNITY FACILITIES DISTRICT NO. 1
(WESTPORT AT MANDALAY BAY)
OF THE CITY OF OXNARD
2012 SPECIAL TAX REFUNDING BOND

Interest Rate	Maturity Date	Dated Date
_____ %	September 1, 20__	August __, 2012 [ONE DAY BEFORE CLOSING DATE]

REGISTERED OWNER: CITY OF OXNARD FINANCING AUTHORITY (ASSIGNED
TO WELLS FARGO BANK, NATIONAL ASSOCIATION)

PRINCIPAL AMOUNT: _____ DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD (the “**District**”), situated in the City of Oxnard (the “**City**”), State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from Special Taxes (as hereafter defined) to be collected in the District and certain other moneys, to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, the Principal Amount set forth above and to pay interest on such Principal Amount from the Dated Date shown above semiannually on each March 1 and September 1, commencing March 1, 2013 (each an “**Interest Payment Date**”) at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment. The principal on this Bond is payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at maturity at the principal office of the Wells Fargo Bank, National Association, as fiscal agent (or any successors thereto) (the “**Fiscal Agent**”). Interest on this Bond shall be payable by check of the Fiscal Agent mailed by first-class postage prepaid mail to the Registered Owner hereof as of the close of business on the 15th calendar day of the month preceding the Interest Payment Date (the “**Record Date**”) at such Registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent (the “**Bond Register**”).

This Bond is one of a duly authorized issue of “Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds” (the “**Bonds**”) issued in the aggregate principal amount of \$[PRINCIPAL AMOUNT] pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq.* of the California Government Code, as amended (the “**Act**”), for the purpose of refunding the bonds

issued to finance certain improvements in and/or for the District (the “**Project**”). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of August 1, 2012 (the “**Fiscal Agent Agreement**”), by and between the District, acting through the City Council (the “**City Council**”) of the City, as the legislative body of the District, and by Wells Fargo Bank, National Association, as fiscal agent. Capitalized terms used herein shall have the meanings ascribed to such terms in the Fiscal Agent Agreement unless otherwise specified herein. The Fiscal Agent Agreement is incorporated herein by this reference, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Fiscal Agent Agreement is authorized under, this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Fiscal Agent Agreement, the principal of and interest on this Bond are payable solely from, and shall be secured by a pledge of and lien upon (less certain administrative expense), (i) the annual special taxes authorized under the Act to be levied on property lying within the District (the “**Special Taxes**”), (ii) proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and the Fiscal Agent Agreement for the delinquency of such Special Taxes, and (iii) certain other moneys as described in the Fiscal Agent Agreement.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the Dated Date set forth above; provided, however, that if at the time of authentication of this Bond, interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or from the Dated Date of the Bonds if no interest has been paid or made available for payment. Interest on any Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date at the address that appears on the Bond Register. Interest with respect to this Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

Any tax for the payment hereof shall be limited to the Special Taxes, except to the extent that provision for payment has been made by the City Council, acting as the legislative body of the District, as may be permitted by law. The Bonds do not constitute obligations of the City or the District for which the City or the District is obligated to levy or pledge, or has levied or pledged, general or special taxation other than as described hereinabove. The District has covenanted for the benefit of the Owners of the Bonds to commence or cause to be commenced appropriate foreclosure proceedings and diligently pursue or cause to be diligently pursued to completion such foreclosure proceedings against delinquent parcels in the District within ninety (90) days after the end of the Fiscal Year in which such delinquencies occur.

[**CONFIRM:**] The Bonds or any portion of the principal thereof, in the principal amount of \$5,000 or any integral multiple thereof, maturing on or after September 1, 20__, may be redeemed, at the option of the City from any source of funds (excluding Prepayments transferred

from the Prepayment Account of the Bond Service Fund) on any Interest Payment Date on or after September 1, 20__, subject to the restrictions upon refunding of bonds specified in the Act, by giving notice as provided in Section 3.02 and by paying the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 20__, and September 1, 20__	_____%
March 1, 20__, and September 1, 20__	_____%
March 1, 20__, and thereafter	_____%

[CONFIRM:] Each Outstanding Bond or any portion of the principal thereof, in the principal amount of \$5,000 or any integral multiple thereof, may be redeemed and paid in advance of maturity from Prepayments transferred from the Prepayment Account of the Bond Service Fund on any Interest Payment Date in any year, by giving notice as provided in Section 3.02 and by paying the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2013, through September 1, 20__	_____%
March 1, 20__, and September 1, 20__	_____%
March 1, 20__, and September 1, 20__	_____%
March 1, 20__, and September 1, 20__	_____%
March 1, 20__, and thereafter	_____%

The Bonds maturing on September 2, 20__, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

<u>Mandatory Redemption Date (September 2)</u>	<u>Principal Amount</u>
20__	\$_____,000
20__	_____,000
20__	_____,000
20__	_____,000
20__ (maturity)	_____,000

In the event of any optional or extraordinary redemption of Bonds maturing on September 2, 20__, the schedule of mandatory sinking fund installments shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in

multiples of \$5,000. The District shall provide the Fiscal Agent with the amended sinking fund payments schedule calculated as set forth above in a written certificate of the District.

This Bond shall be issued only in fully-registered form in the denomination of \$5,000 or any integral multiple thereof.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication and registration endorsed hereon.

No transfer hereof shall be valid for any purpose unless made by the Registered Owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof and interest hereon shall be payable only to the Registered Owner or to such Registered Owner's order. The Fiscal Agent may require the Bond Owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Neither the District nor the Fiscal Agent shall be required to make any such transfer or exchange of Bonds on or after a Record Date and before the next ensuing Interest Payment Date.

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

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

IN WITNESS WHEREOF the City Council, as the legislative body of the District, has caused this Bond to be dated as of the __th day [ONE DAY BEFORE CLOSING DATE] of August, 2012, to be signed by the Mayor of the City by facsimile signature, and attested by the City Clerk of the City by facsimile signature.

COMMUNITY FACILITIES DISTRICT NO. 1
(WESTPORT AT MANDALAY BAY)
OF THE CITY OF OXNARD

Mayor of the City of Oxnard

ATTEST:

City Clerk of the City of Oxnard

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the bonds described in the within-mentioned Fiscal Agent Agreement.

Dated: _____, 2012

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

ASSIGNMENT

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

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

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

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

Dated: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within Bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: _____

NOTE: Signature must be approved by a qualified guarantor.

EXHIBIT B

**COMMUNITY FACILITIES DISTRICT NO. 1
(WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD**

ADMINISTRATIVE EXPENSE PAYMENT REQUEST FORM

Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Services
Ref: City of Oxnard

Ladies and Gentlemen:

PAYMENT REQUEST NO. _____

The Fiscal Agent is hereby requested to pay from the Administrative Expense Fund established pursuant to the Fiscal Agent Agreement dated as of August 1, 2012, by and between Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard and you, as Fiscal Agent, to the person, corporation, or other entity designated below as Payee, the sum set forth below such designation, in payment of the Administrative Expense described below. The amount shown below is due and payable under a purchase order, contract, or other authorization with respect to the Administrative Expense described below and has not formed the basis of any prior request for payment.

Payee:

Address:

Amount: \$

Description:

The Administrative Expense described above is accepted by Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard and authorized to be paid to the Payee.

Executed by the Authorized Representative of
Community Facilities District No. 1
(Westport at Mandalay Bay) of the City of Oxnard

Signature: _____

Name: _____

Title: _____

EXHIBIT C

AUTHORIZED INVESTMENTS

“**Authorized Investments**” means any of the following to the extent then permitted by law and Section 5.01 hereof:

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

(2) Direct obligations (see footnote¹) of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

(a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest

(b) Federal Housing Administration - debentures

(c) General Services Administration - participation certificates

(d) Government National Mortgage Association (“**GNMAs**”) - guaranteed mortgage-backed securities and guaranteed participation certificates

(e) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates

(f) U.S. Department of Housing & Urban Development - local authority bonds

(g) U.S. Maritime Administration - guaranteed Title XI financings

(h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds

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

¹ The following are explicitly excluded from the securities enumerated in clauses 2 and 3:

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

(a) Federal National Mortgage Association (“**FNMA**s”) - senior debt obligations rated Aaa by Moody’s and AAA by S&P

(b) Federal Home Loan Mortgage Corporation (“**FHLM**Cs”) - participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P

(c) Federal Home Loan Banks - consolidated debt obligations

(d) Student Loan Marketing Association - debt obligations

(e) Resolution Funding Corporation - debt obligations

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

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

(6) Certificates of deposit, savings accounts, deposit accounts, or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“**FDIC**”), including the Bank Insurance Fund and the Savings Association Insurance Fund.

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

(8) Investments in money-market funds rated AAAM or AAAM-G by S&P. Such money market funds may include funds for which the Fiscal Agent or its affiliates or subsidiaries provide investment advisory or other management services.

(9) State-sponsored investment pools rated AA- or better by S&P.

(10) Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA, FNMA, or FHLMCs. The repurchase agreement shall require (i) the Fiscal Agent or an independent third party acting solely as agent for the Fiscal Agent (the "Agent") to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Fiscal Agent or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Fiscal Agent shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Fiscal Agent.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Fiscal Agent, and the District and the Fiscal Agent shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless the Bond Insurer directs otherwise:

i insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

ii failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or

iii failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.

(d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

(f) The investment agreement shall provide for the delivery of collateral described in clause (i) or (ii) below ("**Permitted Collateral**") which shall be maintained at the following collateralization levels at each valuation date:

i U.S. Government Securities at 104% of principal plus accrued interest; or

ii Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Fiscal Agent or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Fiscal Agent to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

i the last quoted “**bid**” price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;

ii valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or

iii the lower of two (2) bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Fiscal Agent or the Agent.

(i) The provider shall grant the Fiscal Agent or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 11(f) above, the Fiscal Agent and the Bond Insurer shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

(j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Fiscal Agent without condition, breakage fee, or other penalty, upon not more than two (2) Business Days notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

i In the event of a deficiency in the debt service account;

ii Upon refunding of the Bonds in whole or in part; or

iii If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Fiscal Agent if the

District's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

i Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;

ii Insolvency of the provider or the guarantor (if any) under the investment agreement;

iii Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;

iv Failure by the provider to make a payment or observe any covenant under the agreement;

v The guaranty (if any) is terminated, repudiated, or challenged; or

vi Any representation of warranty furnished to the Fiscal Agent or the District in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

i **“Cure periods”** for payment default shall not exceed two (2) Business Days;

ii The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Fiscal Agent or the Bond Insurer;

iii Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Bond Insurer;

iv If the investment agreement is for a reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate;

v The provider shall be required to immediately notify the Bond Insurer and the Fiscal Agent of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings;

vi The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim; and

vii The agreement shall require the provider to submit information reasonably requested by the Bond Insurer, including balance invested with the provider, type and market value of collateral, and other pertinent information.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3 /P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.

(e) The forward delivery agreement shall include the following provisions:

i The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

ii The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

iii Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service fund and reserve fund replenishments.

iv The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and shall otherwise be acceptable to the Bond Insurer.

v The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Bond Insurer.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the District or the Fiscal Agent to put the securities back to the provider under a put, guaranty, or other hedging arrangement, only with the prior written consent of the Bond Insurer.

(14) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of the State of California or of any agency, instrumentality, or local governmental unit of the State of California which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's.

(15) Shares in any money market mutual fund registered under the Investment Company Act of 1940 whose investment portfolio consists solely of direct obligations of the United States Government, provided that any such fund has been rated in the highest category by a nationally recognized rating agency and, provided further, that such mutual funds may include funds for which the Fiscal Agent or its affiliates or subsidiaries provide investment advisory or other management services.

(16) The Local Agency Investment Fund ("LAIF").

(17) Other forms of investments approved in writing by the Bond Insurer with notice by the District to S&P.

(18) Maturity of investments shall be governed by the following:

(a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Fiscal Agent may require their repurchase pursuant to repurchase agreements.

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five (5) years or less.