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**FISCAL AGENT AGREEMENT**

**Between**

**CITY OF STOCKTON, CALIFORNIA**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Fiscal Agent**

**Dated as of December 1, 2018**

**Relating to:**

**\$ \_\_\_\_\_**

**City of Stockton**

**Arch Road East Community Facilities District No. 99-02**

**Special Tax Refunding Bonds**

**Series 2018-A**

**and**

**\$ \_\_\_\_\_**

**City of Stockton**

**Arch Road East Community Facilities District No. 99-02**

**Special Tax Bonds**

**Series 2018-B**

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## FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (this "Fiscal Agent Agreement") is made and entered into as of December 1, 2018, by and between the City of Stockton, a municipal corporation and chartered city organized and existing under the laws of the State of California (the "City"), for and on behalf of the City's Arch Road East Community Facilities District No. 99-02, City of Stockton, San Joaquin County, California (the "CFD"), and Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

### R E C I T A L S :

WHEREAS, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") the City of Stockton (the "City") previously formed the CFD for the purpose of financing certain infrastructure and public improvements necessary or incident to development occurring within the boundaries of the CFD; and

WHEREAS, under the provisions of the Act, the City, on behalf of the CFD, issued its City of Stockton Arch Road East Community Facilities District No. 99-02 2007 Special Tax Bonds, dated September 6, 2007 (the "the "Prior Bonds") to refund bonds issued by the City for the CFD in 1999 and in 2002, as well as to finance the costs of facilities authorized to be funded by the CFD (the "Project"); and

WHEREAS, the City has determined that it is in the best financial interests of the City to refinance the Prior Bonds; and

WHEREAS, the Prior Bonds are subject to redemption on March 1, 2019 at a redemption price equal to 101% of the principal amount of the Prior Bonds to be redeemed, plus accrued interest to the date fixed for redemption; and

WHEREAS, on November 6, 2018, for the purpose of refinancing the Prior Bonds, the City Council adopted a resolution authorizing the issuance and sale of the 2018 Bonds (as defined herein) by the City for and on behalf of the CFD pursuant to this Fiscal Agent Agreement, which 2018 Bonds shall be issued in two series as provided herein; and

WHEREAS, the City has determined that it is in the public interest and for the benefit of the City, the persons responsible for the payment of special taxes and the owners of the 2018 Bonds that the City enter into this Fiscal Agent Agreement to provide for the issuance of the 2018 Bonds, the disbursement of proceeds of the 2018 Bonds, the disposition of the special taxes securing the 2018 Bonds, and the administration and payment of the 2018 Bonds; and

WHEREAS, the City intends to sell the 2018 Bonds to the Stockton Public Financing Authority (the "Authority"); and

WHEREAS, the Authority intends to issue revenue bonds (the "Authority Bonds") pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California for the purpose of financing the acquisition from the City of the 2018 Bonds; and

WHEREAS, the City has determined that all things necessary to cause the 2018 Bonds, when authenticated by the Fiscal Agent and issued as provided in the Act, the resolution authorizing the issuance and sale of the 2018 Bonds and this Fiscal Agent Agreement, to be legal, valid and binding limited obligations in accordance with their terms, and all things

necessary to cause the creation, authorization, execution and delivery of this Fiscal Agent Agreement and the creation, authorization, execution and issuance of the 2018 Bonds, subject to the terms hereof, have in all respects been duly authorized.

A G R E E M E N T :

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the 2018 Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the City does hereby covenant and agree, for the benefit of the Owners of the Bonds as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings when used in this Fiscal Agent Agreement:

"*Account*" means any account created pursuant to this Fiscal Agent Agreement.

"*Acquisition Agreement*" means the Agreement to Construct and Acquire Facilities for Arch Road East Community Facilities District No. 99-02, dated as of December 1, 2018, among the City, the CFD and Norcal Landco LLC, as originally executed by the parties thereto and as it may be amended from time to time in accordance with its terms.

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

"*Administrative Expenses*" means any or all of the following:

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

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

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

(d) the Authority Administrative Expenses;

(e) any amounts required to be rebated to the federal government with respect to the Authority Bonds; and

(f) all other costs and expenses of the City (including, but not limited to, an allocable share of the salaries of the City staff directly related to the foregoing, a proportionate amount of City general administrative overhead related to the foregoing, and amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure) and the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder and in any way related to the administration of the CFD and all actual costs and expenses incurred in connection with the administration of the Bonds.

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

"*Authority*" means the Stockton Public Financing Authority.

"*Authority Bonds*" means the Stockton Public Financing Authority Revenue Bonds (Arch Road East CFD No. 99-02) Series 2018A outstanding at any time.

"*Authority Indenture*" means that certain Indenture of Trust, dated as of December 1, 2018, by and between the Authority and the Authority Trustee, pursuant to which the Authority Bonds are issued.

"*Authority Trustee*" means Wells Fargo Bank, National Association or any successor thereto appointed pursuant to the Authority Indenture.

"*Authorized Investments*" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

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

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

(d) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank whose short-term obligations are rated at the time of purchase in the highest short-term rating category by any Rating Agency or whose long-term obligations are rated at the time of purchase or better by each such Rating Agency, which mature not more than 270 days following the date of investment therein;

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

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

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

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

(i) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code; and

(j) any other lawful investment for City funds.

*"Authorized Representative"* means the City Manager, Chief Financial Officer or the City Clerk, including any deputy, acting or interim officer holding such position, or any other officer or employee authorized by the City Council of the City or by an Authorized Representative to undertake the action referenced in this Fiscal Agent Agreement as required to be undertaken by an Authorized Representative.

*"Bond Counsel"* means (a) Quint & Thimmig LLP, or (b) any other attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

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

*"Bondowner"* or *"Owner"* means the person or persons in whose name or names any Bonds is registered.

*"Bonds"* means the 2018 Bonds and any Parity Bonds at any time outstanding under this Fiscal Agent Agreement or any Supplemental Agreement.

*"Bond Year"* means the twelve-month period beginning on September 2 in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and end on the September 1, 2019.

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

*"Certificate of an Authorized Representative"* means a written certificate executed by an Authorized Representative.

*"CFD"* means Arch Road East Community Facilities District No. 99-02, City of Stockton, San Joaquin County, California, established pursuant to the Act and the Resolution of Formation.



"*Chief Financial Officer*" means the official of the City, including an acting or interim official, or such official's designee, who acts in the capacity as the chief financial officer of the City, including the controller or other financial officer.

"*City*" means the City of Stockton, California.

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

"*Continuing Disclosure Certificate*" means the Continuing Disclosure Certificate, executed by the City, dated the Delivery Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"*Costs of Issuance*" has the meaning given to such term in the Authority Indenture.

"*Delivery Date*" means the date on which the Bonds were issued and delivered to the initial purchaser thereof.

"*District Value*" means the market value, as of the date of the appraisal described below and/or the date of the most recent County real property tax roll, as applicable, of all parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with the proceeds of any proposed series of Parity Bonds, as determined with respect to any parcel or group of parcels by reference to (i) an appraisal performed within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the "Appraiser") selected by the City, or (ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. It is expressly acknowledged that, in determining the District Value, the City may rely on an appraisal to determine the value of some or all of the parcels in the District and/or the most recent County real property tax roll as to the value of some or all of the parcels in the District. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

"*Escrow Agreement*" means the Escrow Agreement, dated as of December 1, 2018, by and among the Authority, the City and the Escrow Holder by which the Escrow Fund is established and administered.

"*Escrow Fund*" means the fund established pursuant to Section 2 of the Escrow Agreement.

"*Escrow Holder*" means Wells Fargo Bank, National Association, acting as Escrow Holder under the Escrow Agreement.

"*Fair Market Value*" means, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of

Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"*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 funds held by the Trustee:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"*Fiscal Agent*" means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, at its principal corporate trust office in San Francisco, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

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

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

"*Fund*" means any fund created pursuant to this Fiscal Agent Agreement.

"*Gross Taxes*" means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. "Gross Taxes" does not include any penalties collected in connection with delinquent Special Taxes or any interest in excess of the interest due on the Bonds.

"*Improvement Fund*" means the fund by that name created pursuant to Section 3.1 hereof.

"*Independent Financial Consultant*" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the City, who, or each of whom: (a) is in fact independent and not under the domination of the City; (b) does not have any substantial interest, direct or indirect, in the City; and (c) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

"*Interest Payment Date*" means each March 1 and September 1, commencing March 1, 2019; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next preceding such date.

"*Net Taxes*" means Gross Taxes minus amounts set aside to pay Administrative Expenses.

"*Ordinance*" means any ordinance of the City levying the Special Taxes.

"*Outstanding*" or "*Outstanding Bonds*" means all Bonds theretofore issued by the City, except: (a) Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 9.1 hereof; (b) Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Fiscal Agent Agreement; and (c) Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

"*Parity Bonds*" means bonds issued by the City for the District on a parity with any then Outstanding Bonds pursuant to Section 2.12 hereof.

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

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

"*Principal Office of the Fiscal Agent*" means the corporate trust office of the Fiscal Agent at such address as shall be specified in Section 9.8 hereof except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted or such other office of the Fiscal Agent designated for payment, transfer or exchange of the Bonds.

"*Prior Bonds*" means the City of Stockton Arch Road East Community Facilities District No. 99-02 2007 Special Tax Bonds.

"*Project*" means those items described as "Facilities" in the Resolution of Formation.

"*Rating Agency*" means, individually, either (a) Moody's Investors Service, Inc., its successors and assigns, or (b) S&P Global Ratings, its successors and assigns.

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

"*Refunding Bonds*" means bonds issued by the City for the CFD the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"*Resolution of Formation*" means Resolution No. 99-0508, adopted by the City Council of the City on November 2, 1999 pursuant to which the City formed the CFD.

"*Series 2018-A Bonds*" means the City of Stockton Arch Road East Community Facilities District No. 99-02 Special Tax Refunding Bonds Series 2018-A issued and outstanding under this Fiscal Agent Agreement.

"*Series 2018-B Bonds*" means the City of Stockton Arch Road East Community Facilities District No. 99-02 Special Tax Bonds Series 2018-B issued and outstanding under this Fiscal Agent Agreement.

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

"*Special Tax Fund*" means the fund by that name created pursuant to Section 3.1 hereof.

"*Special Taxes*" means the taxes authorized to be levied by the City on property within the CFD in accordance with the Ordinance, the Resolution of Formation and the Act.

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

"*Surplus Fund*" means the fund by that name created pursuant to Section 3.1 hereof.

"*Tax Consultant*" means Economic and Planning Systems Inc. or another independent financial or tax consultant retained by the City for the purpose of computing the annual Special Tax levy on property in the CFD.

"*Term Bonds*" means the Series 2018-A Bonds maturing on September 1, \_\_\_\_, and the Series 2018-B Bonds maturing on September 1, \_\_\_\_, both of which are subject to mandatory sinking fund redemption.

"*Teeter Plan*" means the County of San Joaquin's program of distributing special taxes as described under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Sections 4701 through 4717, inclusive, of the Revenue and Taxation Code of the State of California.

"*2018 Bonds*" means, collectively, the Series 2018-A Bonds and the Series 2018-B Bonds.

## ARTICLE II

### GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds. Under and pursuant to the Act, the Series 2018-A Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) shall be issued for the purpose of (a) refunding the Prior Bonds, and (b) funding a portion of the Costs of Issuance. Under and pursuant to the Act, the Series 2018-B Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) shall be issued for the purpose of (a) financing costs of the Project, (b) paying interest on the Series 2018-B Bonds for a limited period of time, and (c) funding a portion of the Costs of Issuance.

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

Notwithstanding anything to the contrary contained in this Fiscal Agent Agreement, the City 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 contained herein. The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Pledge of Net Taxes. Pursuant to the Act and this Fiscal Agent Agreement, the Bonds shall be equally secured by a pledge of and payable from the Net Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and 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 Agreement. Notwithstanding any provision contained in this Fiscal Agent Agreement to the contrary, Net

Taxes deposited in the Surplus Fund shall no longer be considered to be pledged to the Bonds, and none of the Surplus Fund shall be construed as a trust fund held for the benefit of the Owners.

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

Section 2.4. Description of 2018 Bonds; Interest Rates. The 2018 Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The 2018 Bonds shall be numbered as desired by the Fiscal Agent.

The Series 2018-A Bonds shall be designated "City of Stockton Arch Road East Community Facilities District No. 99-02 Special Tax Refunding Bonds Series 2018-A." The Series 2018-A Bonds shall be dated the Delivery Date with principal payable on September 1 in the years and in the aggregate principal amounts and bearing interest on such principal amounts at the interest rates per annum set forth in the table below, with such interest payable on March 1, 2019 and each Interest Payment Date thereafter:

<u>Principal Payment Date</u> <u>(September 1)</u>	<u>Principal Maturity</u>	<u>Interest Rate</u>
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The Series 2018-B Bonds shall be designated "City of Stockton Arch Road East Community Facilities District No. 99-02 Special Tax Bonds Series 2018-B." The Series 2018-B Bonds shall be dated the Delivery Date with principal payable on September 1 in the years and in the aggregate principal amounts and bearing interest on such principal amounts at the interest rates per annum set forth in the table below, with such interest payable on March 1, 2019 and each Interest Payment Date thereafter:

Principal Payment Date (September 1)	Principal Maturity	Interest Rate
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Interest shall be payable on each 2018 Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that Bonds has been paid; provided, however, that if at the maturity date of any Bond funds are available for the payment or redemption thereof in full, in accordance with the terms of this Fiscal Agent Agreement, such Bonds shall then cease to bear interest. Interest due on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Fiscal Agent, however, so long as the Authority is the sole Owner of the 2018 Bonds the redemption price of the 2018 Bonds shall be paid without presentation and surrender thereof and shall only be presented upon maturity at the designated office of the Fiscal Agent. 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 the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bonds, in which event interest shall be payable from the dated date of such Bonds; provided, however, that if at the time of authentication of such Bonds, interest is in default, interest on that Bonds shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bonds, interest on that Bonds shall be payable from its dated date. Interest on any Bonds shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bonds as of the close of business on the Record Date. Such interest shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Fiscal Agent on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment shall be made on the Interest Payment Date by wire

transfer in immediately available funds to an account within the United States designated by such Owner.

Section 2.6. Form of 2018 Bonds. The Series 2018-A Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such Series 2018-A Bonds and of the certificate of authentication. The Series 2018-B Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit B, which forms are hereby approved and adopted as the forms of such Series 2018-B Bonds and of the certificate of authentication.

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

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

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

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A or Exhibit B, as applicable, attached hereto 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 such certificate of authentication shall have been duly executed by the Fiscal Agent.

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

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



Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Fiscal Agent of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bonds 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 Bonds for cancellation at the office of the Fiscal Agent, accompanied by delivery of written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

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

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bonds shall become mutilated, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bonds of like series, date, issue and maturity in exchange and substitution for the Bonds so mutilated, but only upon surrender to the Fiscal Agent of the Bonds so mutilated. Every mutilated Bonds so surrendered to the Fiscal Agent shall be cancelled by the Fiscal Agent pursuant to Section 9.1 hereof. If any Bonds 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 indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the City shall execute and the Fiscal Agent shall authenticate and deliver, a new Bonds, as applicable, of like tenor, maturity and issue, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bonds so lost, destroyed or stolen. Any Bonds issued in lieu of any Bonds alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bonds and any replacement Bonds 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 Bonds shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bonds which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bonds

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

Section 2.12. Issuance of Parity Bonds. The City may issue one or more series of Bonds, in addition to the 2018 Bonds authorized under Section 2.1 hereof, by means of a Supplemental

Agreement and without the consent of any Bondowners, upon compliance with the provisions of this Section 2.12. Any such Bonds that comply with the requirements of this Section 2.12 shall be Parity Bonds, and such Parity Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Net Taxes and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding hereunder. The City may issue the Parity Bonds subject to the following specific conditions precedent:

(a) The City shall be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in this Fiscal Agent Agreement and all Supplemental Agreements.

(b) The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(c) The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts.

(d) The District Value shall be at least \_\_\_\_\_ times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(e) The City shall obtain a certificate of a Tax Consultant to the effect that the amount of the maximum Special Taxes that may be levied in each Fiscal Year, less an amount sufficient to pay annual Administrative Expenses (as determined by the Chief Financial Officer), shall be at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Parity Bonds.

(f) The City shall deliver to the Fiscal Agent a Certificate of an Authorized Representative certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (a), (b), (c), (d) and (e) of this Section 2.12 have been satisfied. In delivering such certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent, the Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of clauses (d) and (e) above, and without limitation

on the number of series of such Refunding Bonds; and, in connection therewith, the certificate in clause (f) above need not make reference to said clauses (d) and (e).

Nothing in this Section 2.12 shall prohibit the City from issuing bonds or otherwise incurring debt secured by a pledge of Net Taxes subordinate to the pledge thereof under Section 2.3 of this Fiscal Agent Agreement.

## ARTICLE III

### CREATION OF FUNDS AND APPLICATION OF PROCEEDS

#### Section 3.1. Creation of Funds; Application of Proceeds and Other Moneys.

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

(i) The Arch Road East Community Facilities District No. 99-02 Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, and a Redemption Account;

(ii) The Arch Road East Community Facilities District No. 99-02 Surplus Fund (the "Surplus Fund"); and

(iii) The Arch Road East Community Facilities District No. 99-02 Improvement Fund (the "Improvement Fund").

The amounts on deposit in the foregoing Funds and Accounts shall be held by the Fiscal Agent and the Fiscal Agent shall invest and disburse the amounts in such Funds and Accounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.8 hereof.

(b) Application of Proceeds. (i) Proceeds received from the Authority Trustee or deemed to have been received from the Authority Trustee from the sale of the Series 2018-A Bonds to the Authority in the amount of \$\_\_\_\_\_ (which represents the par amount of the Series 2018-A Bonds of \$\_\_\_\_\_, plus the original issue premium of \$\_\_\_\_\_ allocable to the Series 2018-A Bonds, less \$\_\_\_\_\_ (which is the amount of the compensation to be paid from proceeds of the Series 2018-A Bonds to the underwriter of the Authority Bonds) (ii) \$\_\_\_\_\_ (which is the amount of the Costs of Issuance allocable to the Series 2018-A Bonds, which costs have been paid by the Authority in connection with the Authority Bonds), and (iii) \$\_\_\_\_\_ (which is the amount to be deposited on the Delivery Date to the reserve fund for the Authority Bonds which is allocable to the Series 2018-A Bonds, shall be received by the Fiscal Agent and transferred on the Delivery Date to the Escrow Holder for deposit into the Escrow Fund established and held by the Escrow Agent under and pursuant to the Escrow Agreement.

(ii) Proceeds received from the Authority Trustee or deemed to have been received from the Authority Trustee from the sale of the Series 2018-B Bonds to the Authority in the amount of \$\_\_\_\_\_ (which represents the par amount of the Series 2018-B Bonds of \$\_\_\_\_\_, plus the original issue premium of \$\_\_\_\_\_ allocable to the Series 2018-B Bonds, less \$\_\_\_\_\_ (which is the amount of the compensation to be paid from proceeds of the Series 2018-B Bonds to the underwriter of the Authority Bonds) (ii) \$\_\_\_\_\_ (which is the amount of the Costs of Issuance allocable to the Series 2018-B Bonds, which costs have been paid by the Authority in connection with the Authority Bonds), and (iii) \$\_\_\_\_\_ (which is the amount to be deposited on the Delivery Date to the reserve fund for the Authority Bonds which is allocable to the Series 2018-B Bonds, shall be received by the Fiscal Agent and transferred on the Delivery Date as follows: (A) \$\_\_\_\_\_ to the Improvement Fund; and (B) \$\_\_\_\_\_ to the Interest Account.

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

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

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

- (i) The Interest Account of the Special Tax Fund;
- (ii) The Principal Account of the Special Tax Fund;
- (iii) The Redemption Account of the Special Tax Fund; and
- (iv) The Surplus Fund.

### Section 3.3. Improvement Fund.

(a) Moneys in the Improvement Fund shall be disbursed for the payment or reimbursement of costs of the Project, as provided in this Section 3.3.

(b) Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of a Certificate of an Authorized Representative which shall: (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which shall be for payment of costs of the Project pursuant to the Acquisition Agreement, or to reimburse expenditures of the City or any other party for such Project costs previously paid); that the disbursement is a proper expenditure from the Improvement Fund, and the person to which the disbursement is to be paid; and (b) certify that no portion of the amount then being requested to be disbursed was set forth in any certificate previously filed requesting a disbursement. Each such certificate submitted to the Fiscal Agent as described in this Section 3.3(b) shall be sufficient evidence to the Fiscal Agent of the facts stated therein, and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(c) Upon receipt by the Fiscal Agent of a Certificate of an Authorized Representative to the effect that all improvements to be funded from the Improvement Fund have been completed or that no further withdrawals will be made from the Improvement Fund, any amounts remaining on deposit in the Improvement Fund shall be transferred by the Fiscal Agent to the Special Tax Fund to be used for purposes of the Special Tax Fund, and when no amounts remain on deposit in an account within the Improvement Fund such Fund shall be closed.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds until maturity, other than principal due upon redemption, shall be paid by the Fiscal Agent from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds will be made when due, at least five Business Days prior to each March 1 and September 1, the Fiscal Agent shall transfer from the Special Tax Fund, first to the Interest Account and then to the Principal Account, the amount required to pay interest on and principal of the Bonds on the immediately succeeding March 1 or September 1; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, or otherwise, the

transfer from the Special Tax Fund shall take into account any such proceeds deposited to the Interest Account (including as provided in the next paragraph).

Notwithstanding the foregoing, the amount described in Section 3.1(b)(ii)(B) to be deposited to the Interest Account shall be used, prior to the use of any other funds in the Interest Account (and transfers to the Interest Account otherwise required by this Fiscal Agent Agreement shall take such funds into account) to pay a portion of the interest due and payable on the Series 2018-B Bonds on the following dates and in the following amounts:

Date	Amount
March 1, 2019	\$
September 1, 2019	
March 1, 2010	
September 1, 2020	

Section 3.5. Redemption Account of the Special Tax Fund.

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Interest Account and the Principal Account of the Special Tax Fund as required by Sections 3.3 and 3.4 hereof, the Fiscal Agent shall next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account five Business Days prior to each September 1 equal to the Sinking Fund Payment due on any Outstanding Bonds on such September 1. Moneys so deposited in the Redemption Account shall be used and applied by the Fiscal Agent to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedule set forth in Section 4.1(b) hereof.

(b) The Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4 above and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (a) of this Section, and in accordance with the City's election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Agreement for Parity Bonds, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption.

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

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

of Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. [Reserved.]

Section 3.7. Surplus Fund. After making the transfers required by Sections 3.4 and 3.5 hereof, as soon as practicable after each September 1, and in any event prior to each October 1, the Fiscal Agent shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the City has assumed such amounts would be available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds and may be used by the City for any lawful purpose under the Act. Moneys deposited in the Surplus Fund shall be transferred by the Fiscal Agent at the direction of an Authorized Representative of the City.

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

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

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.

(b) In the absence of written investment directions from the City, the Fiscal Agent shall invest solely in Authorized Investments specified in clause (g) of the definition thereof provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received written investment directions from the City specifying a specific money market fund and, if no such written investment directions from the City is so received, the Fiscal Agent shall hold such moneys uninvested. The Fiscal Agent shall be entitled to rely upon any investment directions from the Authority as conclusive certification to the Fiscal Agent that the investments described therein are so authorized under the laws of the State of California and qualify as Authorized Investments.

The Fiscal Agent shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost. In making any valuations hereunder, the Fiscal Agent may utilize such computerized securities

pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Fiscal Agent shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Fiscal Agent Agreement.

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

The Fiscal Agent shall furnish the City periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Fiscal Agent as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Fiscal Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 3.9. Valuation and Disposition of Investments. The City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds or the Authority Bonds (within the meaning of section 148 of the Code), shall be acquired, disposed of, and valued at Fair Market Value.



## ARTICLE IV

### REDEMPTION OF 2018 BONDS

#### Section 4.1. Redemption of 2018 Bonds.

(a) Optional Redemption. The 2018 Bonds may be redeemed, at the option of the City, from any source of funds on any Interest Payment Date on or after September 1, \_\_\_\_, in whole, or in part and by lot, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption, together with a premium that is sufficient, based on the certificate of an Independent Financial Consultant as set forth in Section 4.6, to redeem the corresponding portion of the Authority Bonds.

In the event the City elects to redeem Bonds as provided above, the City shall give written notice to the Fiscal Agent of its election to so redeem, the redemption date and the series and principal amount of the Bonds to be redeemed. The notice to the Fiscal Agent shall be given at least forty-five (45) days prior to the redemption date, or by such later date as is acceptable to the Fiscal Agent, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Series 2018-A Bonds that are Term Bonds maturing September 1, \_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, plus accrued interest to the redemption date, without premium, in the following respective principal amounts:

Redemption Date (September 1)	Sinking Fund Payment
_____	\$ _____

The Series 2018-B Bonds that are Term Bonds maturing September 1, \_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, plus accrued interest to the redemption date, without premium, in the following respective principal amounts:

Redemption Date (September 1)	Sinking Fund Payment
_____	\$ _____

(c) Extraordinary Redemption. The 2018 Bonds are subject to extraordinary redemption as a whole, or in part among series and maturities within a series as determined by the Authority, on any Interest Payment Date, and shall be redeemed by the Fiscal Agent, from Prepayments deposited to the Redemption Account pursuant to Section 3.2, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption, together with a premium that is sufficient, based on the certificate of an Independent Financial Consultant as set forth in Section 4.6, to redeem the corresponding portion of the Authority Bonds.

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

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

Section 4.3. Notice of Redemption. When Bonds are due for redemption under Section 4.1 above, the Fiscal Agent shall give notice, in the name of the City, of the redemption of such Bonds. The City may instruct the Fiscal Agent to specify in the redemption notice that such redemption may be subject to receipt of funds sufficient to accomplish the redemption. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the bond numbers and the series and maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of Bonds to be redeemed only in part, state the portion of such Bonds which is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each of the maturities of the Bonds being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Fiscal Agent. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bonds of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Any such redemption notice may specify that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption, and neither the City nor the Fiscal Agent shall have any liability to the Owners or any other party as a result of its failure to redeem the Bonds as a result of insufficient moneys.

In addition to the foregoing notice, further notice shall be given by the Fiscal Agent as set out below, but only if the Bonds to be redeemed are not owned by the Authority at the time the notice of redemption is given pursuant to this Section 4.3, provided that no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

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

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

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

(b) Upon presentation and surrender thereof at the office of the Fiscal Agent, the redemption price of such Bonds shall be paid to the Owners thereof. However, so long as the Authority is the sole Owner of the Bonds the redemption price shall be paid without presentation and surrender thereof and shall only be presented upon maturity;

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

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

Section 4.6. Certification of Independent Financial Consultant. The City shall not be authorized to redeem 2018 Bonds pursuant to Section 4.1(a) or 4.1(c) hereof unless it has provided the Fiscal Agent and the Authority Trustee with a certificate of an Independent Financial Consultant as required by the second paragraph of Section 2.2(a) or 2.2(b), as applicable, of the Authority Indenture, and otherwise to the effect that the proposed redemption, assuming a corresponding redemption of the Authority Bonds, and assuming continuing payment of Special Taxes by property owners not then in default, will not adversely impact the availability of Revenues (as defined in the Authority Indenture) in an amount sufficient to pay debt service on the Authority Bonds, as scheduled. In the event the Independent Financial Consultant is unable to provide such certificate, the redemption premium shall be the amount that will be sufficient to enable the Independent Financial Consultant to deliver the required certificate.

## ARTICLE V

### COVENANTS AND WARRANTY

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

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

(a) Punctual Payment; Against Encumbrances. The City covenants that it will receive Net Taxes in trust for the Owners and will instruct the Chief Financial Officer to deposit all Net Taxes with the Fiscal Agent at least three Business Days prior to each Interest Payment Date, and the City shall have no beneficial right or interest in the amounts so deposited except as provided by this Fiscal Agent Agreement. All such Net Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

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

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

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

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

(ii) Computation. The Chief Financial Officer shall fix and levy the amount of Special Taxes within the CFD in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (A) the principal of and interest on the Bonds when due, and (B) the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year (the "Special Tax Requirement"), taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

(iii) Collection. The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

(c) Commence Foreclosure Proceedings. The City hereby covenants with and for the benefit of the Owners of the Bonds that it will cause to be determined, no later than October 1 of each Fiscal Year in which the Bonds are outstanding, whether or not any owners of the real property within the District are delinquent in the payment of Special Taxes. The City shall order and cause judicial foreclosure actions to be commenced in Superior Court no later than 60 days following such determination against:

(i) each parcel for which there are delinquent Special Taxes of \$ \_\_\_\_\_ or more for the prior Fiscal Year or Fiscal Years, and

(ii) each parcel for which there are delinquent Special Taxes for the prior Fiscal Year or Fiscal Years if the City determines that the amount of delinquent Special Taxes for the prior Fiscal Year for the entire District, less the total delinquencies under (i) above, exceeds five percent (5%) of the total Special Taxes due and payable in the prior Fiscal Year.

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

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

(f) Reduction of Maximum Special Taxes. The City hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the CFD below the levels provided in this Section 5.2(f) would interfere with the timely retirement of the Bonds. The City determines it to be necessary in order to preserve the security for the Bonds to covenant, and, to the maximum extent that the law permits it to do so, the City hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the City, unless, in connection therewith, (i) the City receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the

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

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

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

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

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

(i) Private Activity Bond Limitation. The City shall assure that the proceeds of the 2018 Bonds are not so used as to cause the Authority Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(ii) Federal Guarantee Prohibition. The City 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 Authority Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

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

(iv) No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2018 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 2018 Bonds would

have caused the Authority Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

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

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

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

(i) *Annual Reporting.* Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the 2018 Bonds, and in each calendar year thereafter until the October 30 following the final maturity of the 2018 Bonds, the Chief Financial Officer shall cause the following information to be supplied to CDIAC: (i) the principal amount of the Bonds Outstanding; (ii) the amount of any capitalized interest funded from the proceeds of the Bonds and the amount thereof used for payment of the Bonds; (iii) the number of parcels in the CFD which are delinquent in the payment of Special Taxes, the amount of each delinquency, the length of time delinquent and when foreclosure was commenced for each delinquent parcel; (iv) the balance in the Improvement Fund; and (v) the assessed value of all parcels in the CFD subject to the levy of the Special Taxes as shown in most recent equalized roll. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(ii) *Other Reporting.* If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, 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 Original Purchaser (as defined in the Continuing Disclosure Certificate) of such failure or withdrawal within 10 days of such failure or withdrawal.

(iii) *Amendment.* The reporting requirements of this clause (l) 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. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under Section 4 of the Continuing Disclosure Certificate.

(iv) *No Liability.* None of the City and its officers, agents and employees, the Chief Financial Officer or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this clause (l).

## ARTICLE VI

### AMENDMENTS TO FISCAL AGENT AGREEMENT

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

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

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

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

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

(e) in connection with the issuance of Parity Bonds;

(f) to modify, alter, amend or supplement this Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners as determined by an opinion of Bond Counsel; or

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

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



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

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

Upon the adoption of any Supplemental Agreement and the receipt of consent to any such Supplemental Agreement from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds in instances where such consent is required pursuant to the provisions of this section, this Fiscal Agent Agreement 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 City and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. The Fiscal Agent is not obligated to enter into any Supplemental Agreement that adversely impacts its rights.

No Supplemental Agreement shall be entered into unless an opinion of Bond Counsel is delivered to the effect that the amendment is authorized and permitted by the Fiscal Agent Agreement, is enforceable against the City and, does not adversely impact the tax-exempt status of the interest on the Authority Bonds.

Section 6.3. Notation of Bonds; Delivery of Amended Bonds. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Outstanding Bonds at such effective date and presentation of his Bonds for the purpose at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bonds at such effective date such new

Bonds shall be exchanged at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds, upon surrender of such Outstanding Bonds.

## ARTICLE VII

### FISCAL AGENT

Section 7.1. Fiscal Agent. Wells Fargo Bank, National Association, shall be the Fiscal Agent for the Bonds unless and until another Fiscal Agent is appointed by the City hereunder. The City may, at any time, appoint a successor Fiscal Agent satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the City is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Fiscal Agent Agreement.

The Fiscal Agent is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Bondowners, to select Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment, unless the Authority is the sole Owner of the Bonds then the Bonds shall not be presented for payment except only upon maturity, at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds all as provided in this Fiscal Agent Agreement, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Fiscal Agent Agreement. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid, discharged and cancelled by it.

The Fiscal Agent is hereby authorized to redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, unless the Authority is the sole Owner of the Bonds then the Bonds need not be presented for payment. The Fiscal Agent shall cancel all Bonds upon payment thereof in accordance with the provisions of Section 9.1 hereof.

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

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

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

Section 7.3. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving at least forty-five (45) days written notice to the City and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the City shall promptly appoint a successor Fiscal Agent satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent.

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

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

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

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

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

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Fiscal Agent Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

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

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

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, provided, that for purposes of this Agreement, an e-mail does not constitute a notice, request or other communication hereunder but rather the portable document format or similar attachment attached to such e-mail shall constitute a notice, request or other communication hereunder and, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Fiscal Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's understanding of such instructions shall be deemed controlling. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents and shall not be

liable for the negligence or willful misconduct of such attorneys or agents appointed with due care.

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

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

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

Section 7.5. Merger or Consolidation. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it 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, shall be the successor to the Fiscal Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

## ARTICLE VIII

### DEFEASANCE

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

Any Outstanding Bonds shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bonds 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 Bonds, as and when the same become due and payable;
- (b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bonds, as and when the same shall become due and payable; or
- (c) by depositing with the Fiscal Agent or another escrow bank appointed by the City, in trust, Federal Securities in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bonds, as and when the same shall become due and payable;

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

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

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

Section 8.2. No Additional Indebtedness. The City covenants not to issue additional obligations secured by a pledge of the Net Revenues equally and ratably with Bonds, except that the City may issue Parity Bonds as permitted by Section 2.12 in an aggregate principal amount (not including the principal amount of any Refunding Bonds) of more than \$\_\_\_\_\_.



## ARTICLE IX

### MISCELLANEOUS

Section 9.1. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bonds purchased by the City as authorized herein and delivered to the Fiscal Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall cancel such Bonds, and shall dispose of such Bonds in a manner deemed appropriate by the Fiscal Agent..

Section 9.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds 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 authority.

(b) As to any Bonds, 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 Bonds, 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 Bonds and the interest thereon to the extent of the sum or sums to be paid. Neither the City nor the Fiscal Agent shall be affected by any notice to the contrary.

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

Section 9.3. Unclaimed Moneys. Anything in this Fiscal Agent Agreement to the contrary notwithstanding, any money held by the Fiscal Agent for the payment and discharge of any of the Outstanding Bonds which remain unclaimed for two years after the date when such Outstanding Bonds have become due and payable, if such money was held by the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Outstanding Bonds become due and payable, shall be repaid by the Fiscal Agent to the City, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Outstanding Bonds; provided, however, that,

before being required to make any such payment to the City, the Fiscal Agent at the written request of the City shall, at the expense of the City, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be fewer than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

Section 9.4. Provisions Constitute Contract. The provisions of this Fiscal Agent Agreement shall constitute a contract between the City and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

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

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

Section 9.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the City from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the City or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

Section 9.6. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Fiscal Agent Agreement.

Section 9.7. 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, the Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 9.8. Notices. Any notices required to be given to the City with respect to the Bonds or this Fiscal Agent Agreement shall be sent via facsimile transmission or mailed, first class, postage prepaid, or personally delivered as follows:

If to the City:

City of Stockton  
425 N. El Dorado Street  
Stockton, California, 95202  
Attention: Chief Financial Officer

If to the Authority:

Stockton Public Financing Authority  
c/o 425 N. El Dorado Street  
Stockton, California, 95202  
Attention: Chief Financial Officer

If to the Fiscal Agent or  
the Authority Trustee:

Wells Fargo Bank, National Association  
333 Market Street, 18th Floor  
San Francisco, California 94105  
Attention: Corporate Trust Department

IN WITNESS WHEREOF, THE CITY OF STOCKTON, CALIFORNIA, for and on behalf of the CFD, has caused this Fiscal Agent Agreement to be signed by its Director of Administrative Services/Chief Financial Officer, and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the duties of the Fiscal Agent hereunder, has caused this Fiscal Agent Agreement to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF STOCKTON, for and on behalf of  
its Arch Road East Community Facilities  
District No. 99-02

By: \_\_\_\_\_  
Director of Administrative Services/  
Chief Financial Officer

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Fiscal Agent

By: \_\_\_\_\_  
Authorized Officer

19066.09:J15353

[Signature Page to Fiscal Agent Agreement – City of Stockton  
Arch Road East Community Facilities District No. 99-02]

## EXHIBIT A

## FORM OF SERIES 2018-A BONDS

R-1

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

CITY OF STOCKTON  
ARCH ROAD EAST COMMUNITY FACILITIES DISTRICT NO. 99-02  
SPECIAL TAX REFUNDING BOND SERIES 2018-A

INTEREST RATE:

\_\_\_\_\_%

MATURITY DATE:

September 1, \_\_\_\_

DATED DATE:

December \_\_, 2018

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee under that certain Indenture of Trust dated as of December 1, 2018 by and between the Stockton Public Financing Authority and Wells Fargo Bank, National Association

PRINCIPAL AMOUNT: \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED \_\_\_\_\_  
THOUSAND AND NO/100 DOLLARS

THE CITY OF STOCKTON (the "City"), for and on behalf of the Arch Road East Community Facilities District No. 99-02, City of Stockton, San Joaquin County, California (the "CFD"), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Fiscal Agent Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing March 1, 2019, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Fiscal Agent (as such term is defined in the Fiscal Agent Agreement), initially Wells Fargo Bank, National Association (the "Fiscal Agent"), however, so long as the Authority is the sole Owner of the Bonds the redemption price shall be paid without presentation and surrender thereof and shall only be presented upon maturity. Interest on this

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

This Bond is one of a duly authorized issue of "City of Stockton Arch Road East Community Facilities District No. 99-02 Special Tax Refunding Bonds Series 2018-A" (the "Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the "Act") for the purpose of refinancing outstanding special tax bonds issued by the City for the CFD, and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City acting in its capacity as the legislative body of the CFD (the "Legislative Body") on November 6, 2018 and a Fiscal Agent Agreement dated as of December 1, 2018 executed in connection therewith (the "Fiscal Agent Agreement"), and this reference incorporates the Fiscal Agent Agreement herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Fiscal Agent Agreement is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

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

The Bonds maturing on September 1, \_\_\_\_ shall be subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth table below.

Redemption Date  
(September 1)

Redemption Amount

The Bonds may be redeemed, at the option of the City, from any source of funds on any Interest Payment Date on or after September 1, \_\_\_\_, in whole, or in part among maturities as determined in accordance with the Fiscal Agent Agreement and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption, together within certain cases a premium determined as provided in the Fiscal Agent Agreement.

The Bonds are subject to extraordinary redemption as a whole, or in part among maturities as determined in accordance with the Fiscal Agent Agreement and by lot within a maturity, on any Interest Payment Date, and shall be redeemed by the Fiscal Agent, from Prepayments deposited to the Redemption Account established under the Fiscal Agent Agreement, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption, together within certain cases a premium determined as provided in the Fiscal Agent Agreement.

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

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

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

same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

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

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

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OR THE CFD FOR WHICH THE CITY OR THE CFD IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond 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 do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.



IN WITNESS WHEREOF, the City of Stockton, California, for and on behalf of the CFD, has caused this Bond to be dated the Dated Date above, and to be signed on behalf of the City by the Mayor by facsimile signature and attested by the facsimile signature of the City Clerk hereon.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

FORM OF FISCAL AGENT'S CERTIFICATE  
OF AUTHENTICATION AND REGISTRATION

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

Dated: \_\_\_\_\_, 2016

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Fiscal Agent

By: \_\_\_\_\_  
Authorized Representative

## FORM OF ASSIGNMENT

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

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

Signature guaranteed:

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

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

**EXHIBIT B****FORM OF SERIES 2018-B BONDS**

R-1

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

CITY OF STOCKTON  
ARCH ROAD EAST COMMUNITY FACILITIES DISTRICT NO. 99-02  
SPECIAL TAX BOND SERIES 2018-B

INTEREST RATE:

\_\_\_\_\_ %

MATURITY DATE:

September 1, \_\_\_\_

DATED DATE:

December \_\_, 2018

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee under that certain Indenture of Trust dated as of December 1, 2018 by and between the Stockton Public Financing Authority and Wells Fargo Bank, National Association

PRINCIPAL AMOUNT: \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED \_\_\_\_\_  
THOUSAND AND NO/100 DOLLARS

THE CITY OF STOCKTON (the "City"), for and on behalf of the Arch Road East Community Facilities District No. 99-02, City of Stockton, San Joaquin County, California (the "CFD"), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Fiscal Agent Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing March 1, 2019, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Fiscal Agent (as such term is defined in the Fiscal Agent Agreement), initially Wells Fargo Bank, National Association (the "Fiscal Agent"), however, so long as the Authority is the sole Owner of the Bonds the redemption price shall be paid without presentation and surrender thereof and shall only be presented upon maturity. Interest on this

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

This Bond is one of a duly authorized issue of "City of Stockton Arch Road East Community Facilities District No. 99-02 Special Tax Bonds Series 2018-B" (the "Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the "Act") to provide for the financing of improvements authorized to be funded by the CFD, paying interest on the Bonds for a limited period of time and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City acting in its capacity as the legislative body of the CFD (the "Legislative Body") on November 6, 2018 and a Fiscal Agent Agreement dated as of December 1, 2018 executed in connection therewith (the "Fiscal Agent Agreement"), and this reference incorporates the Fiscal Agent Agreement herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Fiscal Agent Agreement is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

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

The Bonds maturing on September 1, \_\_\_\_ shall be subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth table below.

Redemption Date  
(September 1)

Redemption Amount

The Bonds may be redeemed, at the option of the City, from any source of funds on any Interest Payment Date on or after September 1, \_\_\_\_, in whole, or in part among maturities as determined in accordance with the Fiscal Agent Agreement and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption, together within certain cases a premium determined as provided in the Fiscal Agent Agreement.

The Bonds are subject to extraordinary redemption as a whole, or in part among maturities as determined in accordance with the Fiscal Agent Agreement and by lot within a maturity, on any Interest Payment Date, and shall be redeemed by the Fiscal Agent, from Prepayments deposited to the Redemption Account established under the Fiscal Agent Agreement, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption, together within certain cases a premium determined as provided in the Fiscal Agent Agreement.

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

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

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

same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

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

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

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OR THE CFD FOR WHICH THE CITY OR THE CFD IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond 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 do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the City of Stockton, California, for and on behalf of the CFD, has caused this Bond to be dated the Dated Date above, and to be signed on behalf of the City by the Mayor by facsimile signature and attested by the facsimile signature of the City Clerk hereon.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

FORM OF FISCAL AGENT'S CERTIFICATE  
OF AUTHENTICATION AND REGISTRATION

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

Dated: \_\_\_\_\_, 2016

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Fiscal Agent

By: \_\_\_\_\_  
Authorized Representative

## FORM OF ASSIGNMENT

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

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

Signature guaranteed:

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

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