

Folsom City Council Staff Report

MEETING DATE:	10/13/2020
AGENDA SECTION:	Joint Meeting Public Hearing
SUBJECT:	<p>Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020</p> <p>a. Resolution No. 10535 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020, the Execution of an Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith</p> <p>b. Resolution No. 006-Folsom Ranch FA - A Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$16,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery thereof and of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing</p>
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council adopt the following resolution:

Resolution No. 10535 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020, the Execution of an Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith

It is recommended the Governing Board of the Authority adopt the following resolution:

Resolution No. 006-Folsom Ranch FA - A Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$16,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery thereof and of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing.

BACKGROUND / ISSUE

Community Facilities District No. 23 (Folsom Ranch) (CFD No. 23) is a community facilities district organized by the City Council under the Mello-Roos Act for the purpose of providing for the construction and acquisition of certain public improvements and the financing of certain services to serve property within CFD No. 23. The City established CFD No. 23 on May 26, 2020 and designated six separate improvement areas, including Improvement Area 1. Improvement Area 1 consists of a gross area of approximately 205 acres and is located wholly within the City of Folsom, east of East Bidwell Street, west of Placerville Road, north of Mangini Parkway, and south of U.S. Highway 50.

Development within Improvement Area 1 is planned to include 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units (pending the successful completion of the plan amendment for and rezoning of Lot C), for a total of 928 units. Property within Improvement Area 1 is in varying stages of early development, including partially improved lots, unimproved lots and unimproved land and is anticipated to be completed in three main phases: Phase 2A, Phase 2B and Phase 2C. Phase 2A of development within Improvement Area 1 includes Villages 4, 7, 8 and 10 and Lots C and D and is entitled for a total of 560 units at the time of full build-out, comprised of 73 single-family high density units, 222 multi-family low density units and 265 multi-family high density units (pending the successful completion of the plan amendment for and rezoning of Lot C). Phase 2B of

development includes Villages 1 and 2 and is entitled for a total of 162 single-family high density units at the time of full build-out. Phase 2C of development includes Villages 3, 5 and 6 and is entitled for a total of 206 single-family high density units at the time of full build-out. Both the single-family high density units and the multi-family low density units, representing 663 total residences, are expected to be developed as detached single-family homes. The 265 multi-family high density units are expected to be constructed as apartments.

The cost to construct all the facilities necessary to service property within Improvement Area 1 is estimated at approximately \$86,047,361 and is comprised of backbone infrastructure, soft costs and subdivision infrastructure. Backbone facilities infrastructure improvements for Improvement Area 1 are expected to include transportation improvements, water system improvements, recycled water system improvements, drainage system improvements, wastewater system improvements, and park, parkway and open space improvements. Subdivision improvements for development of Improvement Area 1 includes intract infrastructure such as underground utilities, subdivision roadways, street lighting, soundwalls and landscaping improvements. The tables below summarize the budgeted construction costs for each phase of development within Improvement Area 1.

Phase 2A Budgeted Construction Costs	
Description	Costs
GBCA - Enclave Cost Sharing	\$ 8,560,411
GBCA - Mangini Ranch Phase 2	25,956,041
Other Sub-Contractors	5,501,872
Total Construction Hard Costs	\$ 40,018,325

Phase 2B Budgeted Construction Costs	
Description	Costs
Grading & Backbone	\$ 12,319,000
Subdivision Improvements	9,232,375
Soft Costs	3,232,706
Total Construction Costs	\$ 24,784,081

Phase 2C Budgeted Construction Costs	
Description	Costs
Grading & Backbone	\$ 7,638,875
Subdivision Improvements	10,835,000
Soft Costs	2,771,081
Total Construction Costs	\$ 21,244,956

Notice of this public hearing was published in the Folsom Telegraph

hearing was published October 8, 2020.

POLICY / RULE

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Chapter 3.110, “Community Facilities Financing”, of the Folsom Municipal Code

Mello-Roos Community Facilities Act of 1982

Marks-Roos Local Bond Pooling Act of 1985

ANALYSIS

The Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 1 Special Tax Revenue Bonds, Series 2020 (Series 2020 Revenue Bonds) are being issued by the Folsom Ranch Financing Authority (FRFA) in a not to exceed amount of \$16,500,000 to finance the purchase of the limited obligation special tax bonds (Local Obligations), issued by CFD No. 23. The purchase price of the Local Obligations will be used to finance the acquisition and construction of certain public facilities, fund a debt service reserve fund, fund capitalized interest to September 1, 2021, and pay certain costs of issuance of the Local Obligations and Series 2020 Revenue Bonds.

A special tax will be annually levied and collected to service the Local Obligations. Annually, CFD No. 23 shall determine the annual special tax requirement. The annual special tax requirement is that amount of special tax revenue required in any fiscal year for Improvement Area 1 to:

- Pay administrative expenses
- Pay annual debt service on all outstanding bonds for Improvement Area 1
- Pay other periodic costs on outstanding bonds, including credit enhancement or rebate payments, if applicable
- Pay any amounts required to replenish the reserve fund
- Pay for reasonably anticipated delinquent special taxes
- Fund Improvement Area 1 PAYGO costs
- Pay for authorized services
- Pay other associated costs as listed in the Rate and Method of Apportionment

The special tax shall be levied each fiscal year proportionately on each Sacramento County assessor's parcel of taxable property within Improvement Area 1 at a rate up to 100% of the applicable maximum special tax to satisfy the annual special tax requirement. The appraised value for the property within Improvement Area 1 is \$69,721,745 and the value-to-lien ratio is 4.70:1, which is in compliance with the City's CFD policy. The total projected residential property tax level for both developed single-family property and developed single-family high-density property within CFD No. 23 Improvement Area 1 is approximately 1.85% and shall not exceed 2.0% of the estimated sales price of the respective homes to be constructed in Improvement Area 1.

Upon the conclusion of the noticed public hearing, and by adopting the proposed City Council Resolution, the City Council is taking the following actions in connection with the Local Obligations:

1. Determining that there are significant public benefits to the City from the proposed financing and approving the Series 2020 Revenue Bonds
2. Authorizing the issuance of an aggregate principal amount of not to exceed \$16,500,000 in Local Obligations
3. Approving the execution and delivery of an Indenture with MUFG Union Bank, N.A.
4. Approving the execution and delivery of a Continuing Disclosure Certificate

5. Approving the execution and delivery of a Preliminary Official Statement, and authorizing the preparation of a final Official Statement
6. Approving the execution and delivery of a Local Obligation Purchase Contract
7. Approving the execution and delivery of a Trust Agreement
8. Authorizing the officers of the City to execute any and all documents and instruments, for and on behalf of the City and/or CFD No. 23, to carry out the issuance of the Local Obligations

By adopting the proposed FRFA Resolution, the Governing Board is taking the following actions in connection with the Series 2020 Revenue Bonds:

1. Authorizing the issuance of an aggregate principal amount of not to exceed \$16,500,000 in Series 2020 Revenue Bonds
2. Approving the form and substance of the Trust Agreement
3. Approving the form and substance of the Local Obligation Purchase Contract
4. Approving the form and substance of the Bond Purchase Contract
5. Approving the form and substance of the Preliminary Official Statement authorizing the Treasurer to determine when said Preliminary Official Statement is final, and authorizing the distribution of both the Preliminary Official Statement and the Official Statement to be distributed by the Underwriter
6. Authorizing the officers of the FRFA to execute and deliver any and all documents, and to do any and all things deemed necessary to comply with the terms and intent of this resolution

Other documents included as exhibits to this staff report include:

- Preliminary Official Statement
- Trust Agreement
- Indenture
- Local Obligation Purchase Contract
- Bond Purchase Agreement
- Form of Continuing Disclosure Certificate
- Good Faith Estimates

The City has engaged the following consultants to assist in the issuance of these Series 2020 Revenue Bonds:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP
Tax Consultant: NBS
Financial Advisor: Fieldman, Rolapp & Associates, Inc.
Trustee: MUFG Union Bank, N.A.

FINANCIAL IMPACT

There is no discernable financial impact on the City of Folsom. The CFD No. 23 formation, bonded indebtedness, and expenses, including those for Improvement Area 1, are solely the responsibility of CFD No. 23. The City will receive reimbursement from the issuance of the Series 2020 Revenue Bonds for staff time and expenses and will receive an annual administrative fee throughout the term of CFD No. 23; these amounts are intended to offset expenses incurred by the City for administration and other items.

ENVIRONMENTAL REVIEW

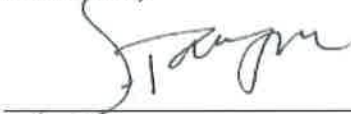
On February 13, 2018 the City Council approved the Mangini Ranch Phase 2 Vesting Tentative Subdivision Map and determined that the Mangini Ranch Phase 2 Subdivision project is entirely consistent with the Folsom Plan Area Specific Plan (FPASP) and Westland Eagle Specific Plan Amendment and therefore exempt from review under the California Environmental Quality Act (CEQA) provided by Government Code section 65457 and CEQA Guidelines sections 15182. No additional environmental review is required.

ATTACHMENTS

1. Resolution No. 10535 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020, the Execution of an Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith
2. Resolution No. 006-Folsom Ranch FA - A Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$16,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery thereof and of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing
3. Trust Agreement by and among the Folsom Ranch Financing Authority and the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and MUFG Union Bank, N.A., as Trustee
4. Indenture between the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and MUFG Union Bank, N.A., as Trustee

5. Preliminary Official Statement for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020
6. Local Obligation Purchase Contract for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020 between the Folsom Ranch Financing Authority and the City of Folsom Community Facilities District No. 23 (Folsom Ranch)
7. Bond Purchase Agreement for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020 between the Folsom Ranch Financing Authority and Piper Sandler & Co.
8. Form of Continuing Disclosure Certificate
9. Good Faith Estimates for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020 and the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020
10. Powerpoint: City Council Presentation – Special Tax Revenue Bonds, CFD 23 IA1

Submitted,



Stacey Tamagni
Finance Director
Treasurer of the Folsom Ranch Financing Authority

ATTACHMENT 1

RESOLUTION NO. 10535

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM
AUTHORIZING THE ISSUANCE OF THE CITY OF FOLSOM COMMUNITY
FACILITIES DISTRICT NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS, SERIES 2020, THE EXECUTION OF AN INDENTURE
PROVIDING THEREFOR, AUTHORIZING THE EXECUTION OF A LOCAL
OBLIGATION PURCHASE CONTRACT, AND AUTHORIZING NECESSARY
ACTIONS AND THE EXECUTION OF OTHER DOCUMENTS IN CONNECTION
THEREWITH**

WHEREAS, the City Council (the “City Council”) of the City of Folsom (the “City”) has formed the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and designated various improvement areas therein, including Improvement Area No. 1 (the “Improvement Area”), under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

WHEREAS, the Community Facilities District is authorized under the Act to levy special taxes within the Improvement Area (the “Special Taxes”) to pay the costs of certain public facilities (the “Facilities”) and to issue bonds payable from the Special Taxes; and

WHEREAS, in order to provide funds to finance certain of the Facilities (the “Project”), the Community Facilities District proposes to issue not to exceed \$16,500,000 principal amount of its City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020 (the “Local Obligations”); and

WHEREAS, the Folsom Ranch Financing Authority (the “Authority”) has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the Community Facilities District with a portion of the proceeds of the Authority’s City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020 (the “Authority Bonds”); and

WHEREAS, the City Council has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Local Obligations to the Authority in accordance with the terms of the Local Obligation Purchase Contract will result in a lower overall cost to the Community Facilities District than a public sale; and

WHEREAS, there has been submitted to the City Clerk of the City (the “City Clerk”) a form of Indenture providing for the issuance of the Local Obligations and a form of Local Obligation Purchase Contract providing for the sale of the Local Obligations to the Authority; and

WHEREAS, there has been submitted to the City Clerk a form of Trust Agreement (the “Trust Agreement”), among the Authority, the Community Facilities District and MUFG Union Bank, N.A., providing for the issuance of the Authority Bonds; and

WHEREAS, the Authority has authorized the sale of the Authority Bonds to Piper Sandler & Co., as underwriter (the “Underwriter”), with the net proceeds of sale thereof to be utilized to purchase the Local Obligations from the Community Facilities District; and

WHEREAS, the Community Facilities District desires to assist the Underwriter in its compliance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”); and

WHEREAS, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the City Clerk; and

WHEREAS, there have been prepared and submitted to the City Council for consideration at this meeting the forms of:

- (a) the Trust Agreement;
- (b) the Indenture;
- (c) the Local Obligation Purchase Contract;
- (d) the Continuing Disclosure Certificate; and
- (e) the Preliminary Official Statement; and

WHEREAS, the City Council has considered the evidence of the public benefits to the Community Facilities District of the proposed financing and is fully advised in the premises; and

WHEREAS, the Community Facilities District desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations; and

WHEREAS, on this date, the City held a public hearing on the financing of the Project in accordance with Section 6586.5 of Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Marks-Roos Act”); and

WHEREAS, in accordance with Section 6586.5 of the Marks-Roos Act, notice of such hearing was published once at least five days prior to the hearing in the *Folsom Telegraph*, a newspaper of general circulation in the City; and

WHEREAS, Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of

the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in compliance with Government Code Section 5852.1, the City Council has obtained from Fieldman, Rolapp & Associates, Inc., the municipal adviser to the Community Facilities District, the required good faith estimates and such estimates have been disclosed at this meeting; and

WHEREAS, the City Council is the legislative body of the Community Facilities District;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom, as follows:

Section 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

Section 2. The City Council, on behalf of the City, hereby approves the issuance of the Authority Bonds to finance the Project and finds that the use of the Marks-Roos Act to assist the Community Facilities District in financing the Project will result in significant public benefits to the citizens of the City, including more efficient delivery of local agency services to residential and commercial development.

Section 3. Subject to the conditions described in Section 8, the issuance of the Local Obligations in an aggregate principal amount not to exceed \$16,500,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Local obligations shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to redemption, shall be issued in the form, and shall be as otherwise provided in the Indenture.

Section 4. The form of the Indenture (the "Indenture") providing for the issuance of the Local Obligations, on file with the City Clerk, is hereby approved, and the City Manager of the City (the "City Manager"), the Finance Director of the City (the "Finance Director") and the Chief Financial Officer of the City (the "Chief Financial Officer") and such other officers of the City as the City Manager, the Finance Director or the Chief Financial Officer shall designate (each an "Authorized Officer" and collectively, the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver the Indenture in substantially said form, with such changes therein as may be approved by the City Attorney of the City (the "City Attorney"), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Certificate in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may

require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Certificate by such Authorized Officer.

Section 6. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Authority Bonds is hereby authorized and approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to certify to the Underwriter that the Preliminary Official Statement has been “deemed final” for purposes of Rule 15c2-12.

Section 7. The preparation and delivery of a final Official Statement (the “Official Statement”), and its use in connection with the offering and sale of the Authority Bonds is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them is, hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Community Facilities District.

Section 8. The form of the Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) providing for the sale of the Local Obligations to the Authority, on file with the City Clerk, is hereby approved, and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as may be approved by the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the final maturity of the Local Obligations shall be no later than September 1, 2050, the principal amount of the Local Obligations shall not exceed sixteen million five hundred thousand dollars (\$16,500,000) and the true interest cost (taking into consideration the associated underwriter’s discount and any original issue premium or discount relating to the Authority Bonds) of the Local Obligations shall not exceed five percent (5.0%).

Section 9. The form of the Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer.

Section 10. Pursuant to Section 53345.8 of the Act and the City’s Local Goals and Policies, the City Council hereby finds and determines that the value of the real property that would be subject to the Special Taxes to pay debt service on the Local Obligations will be at least three (3) times the principal amount of the Local Obligations to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Improvement Area or a special assessment levied on property within the Improvement Area. The City Council determines in its sole discretion that it is necessary and desirable to waive

certain of its Local Goals and Policies to the extent the issuance of the Local Obligations does not conform thereto.

Section 11. The officers of the City are hereby authorized and directed, jointly and severally, for and on behalf of the City and/or the Community Facilities District to do any and all things that they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including any subsequent amendments, waivers or consents entered into or given in accordance with any of the documents approved hereby. The City Manager, the Finance Director, the Chief Financial Officer, the City Clerk and the officers of the City are hereby authorized and directed to execute and deliver, for and on behalf of the City and/or the Community Facilities District, any and all certificates and representations necessary and desirable to accomplish the transactions set forth above.

Section 12. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 13th day of October 2020, by the following roll call vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

RESOLUTION NO. 006-FOLSOM RANCH FA

RESOLUTION OF THE GOVERNING BOARD OF THE FOLSOM RANCH FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$16,500,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1 SPECIAL TAX REVENUE BONDS, SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF A TRUST AGREEMENT, AUTHORIZING MODIFICATIONS THEREOF AND EXECUTION AND DELIVERY AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY THEREOF AND OF AN OFFICIAL STATEMENT TO BE DERIVED THEREFROM; APPROVING A LOCAL OBLIGATION PURCHASE CONTRACT AND A BOND PURCHASE CONTRACT AND EXECUTION AND DELIVERY OF EACH; AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE PROPOSED FINANCING

WHEREAS, Folsom Ranch Financing Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”); and

WHEREAS, the City Council (the “City Council”) of the City of Folsom (the “City”) has formed the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and designated various improvement areas therein, including Improvement Area No. 1, under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

WHEREAS, the Community Facilities District has completed its legal proceedings under the Act with respect to authorizing the issuance and sale of the “City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020” (the “Local Obligations”) for the purpose of financing certain public facilities within the City south of Highway 50;

WHEREAS, the Community Facilities District is empowered under the provisions of the Act to undertake legal proceedings for the levy of a special tax and for the issuance, sale and delivery of special tax bonds upon the security of the recorded special tax liens; and

WHEREAS, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”) to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies and applying the proceeds of the bonds to finance certain authorized public facilities; and

WHEREAS, the Authority desires to issue the “Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020” (the “Bonds”) pursuant to that certain Trust Agreement (the “Trust Agreement”), among the Authority, the Community Facilities District and

MUFG Union Bank, N.A., as trustee (the "Trustee"), in order to provide funds to purchase the Local Obligations and to pay costs of issuance; and

WHEREAS, the Authority has determined that the estimated amount necessary to finance the purchase of the Local Obligations will require the issuance of the Bonds in the aggregate principal amount not to exceed sixteen million five hundred thousand dollars (\$16,500,000); and

WHEREAS, the Authority and the Community Facilities District have determined that all things necessary to make the Bonds, when authenticated by the Trustee, and issued as provided in the Trust Agreement, the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

WHEREAS, in furtherance of implementing the financing, there have been filed with the Authority Secretary for consideration and approval by this Board forms of the following:

- (a) a Trust Agreement, under the terms of which the Bonds are to be issued and the Revenues (as said term is defined in the Trust Agreement and as said Revenues are received by the Authority as holder of the Local Obligations) are to be administered to pay the principal of and interest on the Bonds;
- (b) a Local Obligation Purchase Contract, under the terms of which, among other things, the Community Facilities District agrees to sell and the Authority agrees to purchase the Local Obligations;
- (c) a Bond Purchase Contract, under the terms of which, among other things, the Authority agrees to sell and the underwriter agrees to purchase the Bonds; and
- (d) a Preliminary Official Statement, describing the Bonds and the Local Obligations; and

WHEREAS, Government Code Section 5852.1 requires that the Governing Board of the Authority obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in compliance with Government Code Section 5852.1, the Governing Board of the Authority has obtained from Fieldman, Rolapp & Associates, Inc., municipal adviser to the Authority, the required good faith estimates and such estimates have been disclosed at this meeting; and

WHEREAS, being fully advised in the matter of the proposed financing program, this Board wishes to proceed with implementation of said financing program; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms herein provided; and

WHEREAS, as required by the Law, the City has conducted a public hearing and has determined that the issuance of the Bonds by the Authority and the acquisition of the Local Obligations will result in significant public benefits, including more efficient delivery of local agency services to residential and commercial development.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Folsom Ranch Financing Authority as follows:

Section 1. The foregoing recitals are true and correct, and this Board so finds and determines.

Section 2. Pursuant to the Law, the Bonds shall be issued in the aggregate principal amount of not to exceed sixteen million five hundred thousand dollars (\$16,500,000). No Bond shall mature later than September 1, 2050.

Section 3. The form and substance of the Trust Agreement are hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form and substance of the Local Obligation Purchase Contract is hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form and substance of the Bond Purchase Contract is hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the true interest cost of the Bonds shall not exceed five percent (5.0%) and the underwriter's discount (exclusive of original issue discount) shall not exceed one and one half percent (1.5%).

Section 6. (a) The form and substance of the Preliminary Official Statement is hereby approved. The Treasurer of the Authority or designee thereof is authorized to execute the final Official Statement to be derived therefrom.

(b) This Board hereby authorizes the Treasurer of the Authority or designee thereof to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be deemed "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the Treasurer of the Authority or designee thereof is hereby authorized to execute a certificate to such effect in the customary form.

(c) The Treasurer of the Authority or designee is authorized to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by such officer as necessary to cause the information contained therein to conform to facts material to the Bonds or the Local Obligations or to the proceedings of this Board or the City Council or that such corrections or additions are in form rather than in substance.

(d) The underwriter of the Bonds is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and delivery of the Bonds.

Section 7. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agency agreement, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution, including any subsequent amendments, waivers or consents entered into or given in accordance with any of the documents approved hereby, and to obtain a policy of bond insurance, a rating and/or a reserve fund surety policy for any series of the Bonds. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 8. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 13th day of October 2020, by the following roll call vote:

AYES: Board Member(s):

NOES: Board Member(s):

ABSENT: Board Member(s):

ABSTAIN: Board Member(s):

Sarah Aquino, CHAIR

ATTEST:

Christa Freemantle, SECRETARY

ATTACHMENT 3

TRUST AGREEMENT

by and among the

FOLSOM RANCH FINANCING AUTHORITY

and the

CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)

and

MUFG UNION BANK, N.A.,
as Trustee

Relating to the

[\$[PAR AMOUNT]]
FOLSOM RANCH FINANCING AUTHORITY
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT
NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1
SPECIAL TAX REVENUE BONDS,
SERIES 2020

Dated as of November 1, 2020

TRUST AGREEMENT

This Trust Agreement (the "Trust Agreement"), dated as of November 1, 2020, by and among the Folsom Ranch Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), the City of Folsom Community Facilities District No. 23 (Folsom Ranch), organized and existing under and by virtue of the laws of the State of California (the "Community Facilities District") and MUFG Union Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Authority is empowered under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Law"), to issue its bonds for the purpose of purchasing various Local Obligations (as defined herein) issued by certain local agencies; and

WHEREAS, the Authority has determined to issue its Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020 (the "Authority Bonds") to be secured by a pledge, lien and claim upon the Revenues (as that term is defined herein) in order to provide a portion of the funds necessary to purchase the Local Obligations (as that term is defined herein);

WHEREAS, the Authority and the Community Facilities District have determined that all things necessary to make the Authority Bonds (as that term is defined herein), when issued by the Authority and authenticated by the Trustee and delivered as provided herein, valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Authority Bonds Outstanding (as that term is defined herein) hereunder from time to time according to their tenor and effect, and the making of such other payments required to be made by the Authority and the satisfaction of all the agreements, conditions, covenants and terms expressed and implied herein and in the Authority Bonds, the Authority does hereby assign, bargain, convey, grant, mortgage and pledge a security interest unto the Trustee and unto its successors and assigns hereunder forever in all right, title and interest of the Authority in, to and under, subject to the provisions hereof permitting the application thereof for the purposes and on the terms and conditions set forth therein, each and all of the following (collectively, the "Trust Estate"):

- (a) the proceeds of sale of the Authority Bonds;
- (b) the Revenues (as that term is defined herein);

(c) the amounts in the Funds (as that term is defined herein) established and held hereunder, except amounts in the Rebate Fund; and

(d) the Local Obligations;

TO HAVE AND TO HOLD IN TRUST all of the same hereby assigned, bargained, conveyed, granted, mortgaged and pledged or agreed or intended so to be to the Trustee and to its successors and assigns forever for the equal and ratable benefit of the Owner issued by the Authority hereunder and authenticated by the Trustee and delivered hereunder and Outstanding hereunder, without any priority as to the Trust Estate of any one Authority Bond over any other (except as expressly provided in or permitted hereby), upon the trusts and subject to the agreements, conditions, covenants and terms hereinafter set forth;

AND THIS TRUST AGREEMENT FURTHER WITNESSETH, and it is expressly declared, that all Authority Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property hereby assigned, bargained, conveyed, granted, mortgaged and pledged are to be dealt with and disposed of under, upon and subject to the agreements, conditions, covenants, terms, trusts and uses as hereinafter expressed, and the Authority and the Community Facilities District have agreed and covenanted, and do hereby agree and covenant, with the Trustee and with the Owner, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. The terms set forth below shall have the following meanings set forth herein, unless the context clearly otherwise requires:

“Act” shall mean the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

“Authority” shall mean the Folsom Ranch Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California, and its successors and assigns.

“Authority Bond” or “Authority Bonds” shall mean the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020. “Serial Authority Bonds” shall mean the Authority Bonds for which no Minimum Sinking Fund Payments are provided. “Term Authority Bonds” shall mean the Authority Bonds which are payable on or before their specified maturity date from Minimum Sinking Fund Payments established for that purpose and calculated to retire such Authority Bonds on or before their specified maturity date.

“Authorized Denominations” shall mean five thousand dollars (\$5,000) and any integral multiple thereof, but not exceeding the principal amount of the Authority Bonds maturing on any one date.

“Authorized Officer” shall mean, when used with reference to the Authority, the Chair, the Treasurer or any other person authorized by the Authority in a Written Order or resolution to perform an act or sign a document on behalf of the Authority for the purposes hereof, and when used with reference to the Community Facilities District and the City, acting for and on behalf of the Community Facilities District, the Mayor, the Chief Financial Officer, the Finance Director or any other person authorized by the City or the Community Facilities District, as applicable, in a Written Order or resolution to perform an act or sign a document on behalf of the City or the Community Facilities District for the purposes hereof.

“Bond Counsel” shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

“Bond Register” shall mean the registration books specified as such in Section 2.05.

“Bond Year” shall mean the twelve-month period terminating on September 1 of each year; provided, that the first Bond Year shall commence on the date of the execution and initial delivery of the Authority Bonds and end on September 1, 2021.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks in New York, New York, or the city in which the Corporate Trust Office of the Trustee is located, are closed.

“Cash Flow Certificate” shall mean a written certificate executed by a Cash Flow Consultant.

“Cash Flow Consultant” shall mean a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field relating to municipal securities such as the Authority Bonds, appointed and paid by the Community Facilities District or the Authority and who, or each of whom:

(1) is in fact independent and not under the domination of the Community Facilities District, the Authority or the City;

(2) does not have any substantial interest, direct or indirect, with the Community Facilities District, the Authority or the City; and

(3) is not connected with the Community Facilities District, the Authority or the City as a member, officer or employee of the Community Facilities District, the Authority or the City, but who may be regularly retained to make annual or other reports to the Community Facilities District, the Authority or the City.

The Cash Flow Consultant shall not, as a result of its role as Cash Flow Consultant, be deemed to have a “financial advisory relationship” with the Authority within the meaning of California Government Code Section 53590(c).

“Chair” shall mean the Chair of the Authority.

“Chief Financial Officer” shall mean the Chief Financial Officer of the City.

“City” shall mean the City of Folsom, a charter city and municipal corporation duly organized and existing under its charter and the Constitution and laws of the State of California, and its successors.

“City Manager” shall mean the City Manager of the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“Community Facilities District” shall mean the City of Folsom Community Facilities District No. 23 (Folsom Ranch), established by the City pursuant to the Act.

“Corporate Trust Office” shall mean the designated corporate trust office of the Trustee at the location set forth in Section 13.03.

“Dated Date” shall mean the applicable date of the original execution and delivery of the Authority Bonds.

“DTC” shall mean The Depository Trust Company, in New York, New York; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depository as the Authority may designate in an Officer’s Certificate delivered to the Trustee.

“Event of Default” shall mean an event of default specified as such in Section 8.01.

“Finance Director” shall mean the Finance Director of the City.

“Fund” or “Funds” shall mean any or all, as the case may be, of the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Proceeds Fund, the Local Obligations Fund and the Rebate Fund, including all accounts therein.

“Government Obligations” shall mean any Investment Securities described in clause (i) or clause (ii) of the definition thereof but excluding any securities that are callable or prepayable prior to the redemption or maturity date of the Authority Bonds to be paid therefrom, and excluding any securities that do not have a fixed par value or the terms of which do not promise a fixed dollar amount at maturity or earlier call date.

“Improvement Area” means Improvement Area No. 1 of the Community Facilities District.

“Indenture Trustee” means MUFG Union Bank, N.A., as trustee under the Local Obligations Indenture.

“Interest Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Interest Payment Date” shall mean March 1 and September 1 in each year, commencing on March 1, 2021.

“Investment Securities” shall mean and include any of the following securities, to the extent permitted by the laws of the State and the City’s Investment Policy, for and on behalf of the Community Facilities District as it may be amended from time to time:

(i) Cash (insured at all times by the Federal Deposit Insurance Corporation or fully collateralized by Investment Securities described in clause (ii) hereof);

(ii) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

- (A) All direct or fully guaranteed U.S. Treasury obligations;
- (B) Farmers Home Administration;
- (C) General Services Administration;
- (D) Guaranteed Title XI financing;
- (E) Government National Mortgage Association (GNMA); and
- (F) U.S. Treasury - State and Local Government Series;

(iii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- (A) Export-Import Bank;
- (B) Rural Economic Community Development Administration;
- (C) U.S. Maritime Administration;
- (D) Small Business Administration;
- (E) U.S. Department of Housing & Urban Development (PHAs);
- (F) Federal Housing Administration; and
- (G) Federal Financing Bank;

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

- (A) Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);

- (B) Obligations of the Resolution Funding Corporation (REFCORP);
 - (C) Senior debt obligations of the Federal Home Loan Bank System;
- and
- (D) Senior debt obligations of other Government Sponsored Agencies;

(v) U.S. Dollar-denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (provided that ratings on holding companies shall not be considered the rating of the bank) or fully collateralized by Investment Securities described in clause (ii) hereof for amounts in excess of deposit insurance;

(vi) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(vii) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services but excluding funds with a floating net asset value;

(viii) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (ii) of this definition, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(ix) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated "Aaa/AAA" or general obligations of any such state with ratings of "A2" or higher by Moody's and "A" or higher by S&P.

(x) The Local Agency Investment Fund (established under Sections 53600-53609 of the California Government Code, as amended or supplemented from time to time).

“Law” shall mean the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, and all laws amendatory thereof or supplemental thereto.

“Letter of Representation” shall mean the letter of the Authority delivered to and accepted by the Depository on or prior to the issuance of the Authority Bonds setting forth the basis on which the Depository serves as depository for such Authority Bonds as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Local Obligations Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Local Obligations Indenture” shall mean the indenture authorizing and securing the Local Obligations and pursuant to which the Local Obligations were issued.

“Local Obligation Purchase Contract” shall mean the purchase contract entered into between the Authority and the Community Facilities District providing for the purchase of the Local Obligations by the Authority with the proceeds of the Authority Bonds.

“Local Obligations” shall mean the Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020 to be issued by the Community Facilities District pursuant to the Act and to be purchased by the Authority pursuant to the Law.

“Mayor” shall mean the Mayor of the City.

“Minimum Sinking Fund Payments” shall mean the payments required by Section 2.01 to be deposited in the Sinking Fund Account.

“Moody’s” shall mean Moody’s Investors Service Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority (which shall be under no liability by reason of such selection).

“Officer’s Certificate” shall mean a certificate signed by an Authorized Officer.

“Opinion of Bond Counsel” shall mean a legal opinion signed by a Bond Counsel selected by the Authority.

“Outstanding” shall mean, with respect to the Authority Bonds and as of any date, all Authority Bonds authorized, issued, authenticated and delivered hereunder, except:

- (a) Authority Bonds canceled or surrendered to the Trustee for cancellation pursuant to Section 2.08;
- (b) Authority Bonds deemed to have been paid pursuant to Section 12.02;

(c) Authority Bonds in lieu of or in substitution for which other Authority Bonds shall have been authenticated and delivered pursuant to Section 2.03; and

(d) Authority Bonds paid pursuant to Section 2.03.

“Owner” shall mean, as of any date, the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register as of such date.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Principal Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Principal Installment,” when used with respect to any Principal Payment Date, shall mean the principal amount of Outstanding Authority Bonds due on such date.

“Principal Payment Date,” when used with reference to an Authority Bond, shall mean the maturity date or the Minimum Sinking Fund Payment date for such Authority Bond.

“Proceeds Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Rebate Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Rebate Instructions” shall mean the calculations and directions required to be delivered to the Trustee by the Authority pursuant to the Tax Certificate.

“Rebate Requirement” shall mean the Rebate Requirement defined in the Tax Certificate.

“Record Date” shall mean the fifteenth (15th) day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Trust Agreement.

“Revenue Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Revenues” shall mean all amounts received by the Trustee as the payment of interest on, or the equivalent thereof, and the payment or return of principal of, or redemption premiums, if any, on, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments, or redemption premiums, Special Tax Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any money held in the Funds held hereunder (except the Rebate Fund).

“S&P” shall mean S&P Global Ratings, a business of Standard & Poor’s Financial Services LLC, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority (which shall be under no liability by reason of such selection).

“Secretary” shall mean the Secretary of the Authority.

“Sinking Fund Account” shall mean the account within the Principal Fund by that name established pursuant to Section 2.01.

“Special Tax” shall mean the special tax authorized to be levied and collected annually on all Taxable Property in the Improvement Area under and pursuant to the Act at the special election held in the Community Facilities District.

“Special Tax Prepayments” shall mean all payments to the Community Facilities District by or on behalf of the owner of a parcel within the Improvement Area subject to a Special Tax to accomplish a pay-off of the Special Tax obligation pertaining to such parcel and the discharge of the Special Tax lien with respect to such parcel (except the portion thereof, if any, which represents accrued interest on the Local Obligations).

“Special Tax Revenues” shall mean all money collected and received by the Community Facilities District on account of unpaid Special Tax obligations within the Improvement Area, including all amounts collected in the normal course by the Community Facilities District, all Special Tax Prepayments and all amounts received by the Community Facilities District as a result of superior court foreclosure proceedings brought to enforce payment of delinquent Special Taxes within the Improvement Area, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys’ fees and costs paid as a result of foreclosure actions.

“Special Record Date” shall mean the date established by the Trustee pursuant to Section 2.01 as a record date for the payment of defaulted interest on the Authority Bonds.

“State” shall mean the State of California.

“Supplemental Trust Agreement” shall mean any trust agreement supplemental to or amendatory of this Trust Agreement which is duly executed and delivered in accordance with the provisions of Article XI.

“Term Authority Bonds” shall mean the Authority Bonds which are payable on or before their specified maturity date from Minimum Sinking Fund Payments established for that purpose and calculated to retire such Authority Bonds on or before their specified maturity date.

“Tax Certificate” shall mean each certificate for the Authority Bonds relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Authority and the Community Facilities District on the Dated Date, as the same may be amended or supplemented in accordance with its terms.

“Treasurer” shall mean the Treasurer of the Authority.

“Taxable Property” shall mean all property within the Improvement Area taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

“Trust Agreement” shall mean this Trust Agreement dated as of November 1, 2020, by and among the Authority, the Community Facilities District and the Trustee pursuant to which the Authority Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

“Trust Estate” shall have the meaning ascribed thereto in the granting clause hereof.

“Trustee” shall mean MUFG Union Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, in its capacity as Trustee hereunder, and any successor as Trustee hereunder.

“Written Order” shall mean, when used with reference to the Authority, a written direction of the Authority to the Trustee signed by an Authorized Officer, and when used with reference to the Community Facilities District, an instrument in writing signed by the City Manager or the Finance Director, or by any other officer of the City duly authorized by the City Council, as legislative body of the Community Facilities District, for that purpose.

SECTION 1.02. Rules of Construction. Except where the context otherwise requires, all words imparting the singular number shall include the plural number and vice versa, and all pronouns inferring the masculine gender shall include the feminine gender and vice versa. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause thereof.

ARTICLE II

TERMS OF AUTHORITY BONDS

SECTION 2.01. The Authority Bonds. The Authority Bonds shall be issued under and secured by this Trust Agreement and shall be in the form of fully registered bonds in

denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) in excess thereof designated the “Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020” and shall be in the aggregate principal amount of [PAR IN WORDS] dollars (\$[PAR]). The Authority Bonds shall be dated the Dated Date and shall bear interest at the rates specified in the table below, such interest being payable semiannually on each Interest Payment Date, and shall mature on the Principal Payment Dates in the following years in the following principal amounts, namely:

Principal Payment Date (September 1)	Principal Amount	Interest Rate
	\$	%

* Term Bonds

Minimum Sinking Fund Payments are hereby established for the mandatory redemption and payment of the Term Authority Bonds, which payments shall become due during the years ending on the dates and in the amounts set forth in the following schedule (except that if any Term Authority Bonds have been redeemed pursuant to Section 4.02 or 4.03, the amounts of such Minimum Sinking Fund Payments shall be reduced proportionately by the principal amount of all such Term Authority Bonds so redeemed), namely:

Term Authority Bond Maturing September 1, 20[]

Year Ending September 1	Minimum Sinking Fund Account Payment
	\$

*

* Maturity.

Term Authority Bond Maturing September 1, 20[]

<u>Year</u> <u>Ending</u> <u>September 1</u>	<u>Minimum</u> <u>Sinking Fund</u> <u>Account Payment</u> \$
--	---

*

* Maturity.

All such Minimum Sinking Fund Payments for the Term Authority Bonds shall be deposited in a separate account in the Principal Fund, which account is hereby established and shall be known as the Sinking Fund Account and which account the Authority hereby agrees and covenants to cause to be maintained by the Trustee so long as any Term Authority Bonds are Outstanding. All money in the Sinking Fund Account on September 1 of each year during the period beginning on September 1, 20[], and ending on September 1, 20[], both years inclusive, shall be used and withdrawn by the Authority on each such September 1 for the mandatory redemption or payment of the Term Authority Bonds maturing on September 1, 20[]; and all money in the Sinking Fund Account on September 1 of each year during the period beginning on September 1, 20[], and ending on September 1, 20[], both years inclusive, shall be used and withdrawn by the Authority on each such September 1 for the mandatory redemption or payment of the Term Authority Bonds maturing on September 1, 20[], and the Authority hereby agrees and covenants with the Owners of the respective Term Authority Bonds to call and redeem in accordance with Section 4.04 or pay the Term Authority Bonds from Minimum Sinking Fund Payments deposited in the Sinking Fund Account pursuant to this paragraph whenever on September 1 of any year there is money in the Sinking Fund Account available for such purpose.

The interest on and principal of and redemption premiums, if any, on the Authority Bonds shall be payable in lawful money of the United States of America. The Authority Bonds shall be issued as fully registered bonds and shall be numbered from one (1) upward. The Authority Bonds shall bear interest from the Dated Date. Payment of the interest on any Authority Bond shall be made to the Person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by check mailed by first class mail on each Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Authority Bonds, upon written request of such Owner to the Trustee received not later than such Record Date, such interest shall be paid on such Interest Payment Date in immediately available funds by wire transfer to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the continental United States of America. The principal of and redemption premiums, if any, on the Authority Bonds shall be payable by the Trustee at its Corporate Trust Office upon presentation and surrender of such Authority Bonds. Interest shall be calculated on

the basis of a 360-day year consisting of twelve (12) 30-day calendar months; provided, that notwithstanding any other provision herein contained, any interest not punctually paid or duly provided for, as a result of an Event of Default or otherwise, shall forthwith cease to be payable to the Owner on the Record Date and shall be paid to the Owner in whose name the Authority Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to the Owner not less than ten (10) Business Days prior to such Special Record Date.

SECTION 2.02. Form of Authority Bonds. The Authority Bonds and the forms of the certificate of authentication, the assignment and the DTC endorsement to appear thereon shall be substantially as set forth in Exhibit A hereto, with such variations, insertions or omissions as are appropriate and not inconsistent herewith.

SECTION 2.03. Authority Bonds Mutilated, Destroyed, Stolen or Lost. In the event any Authority Bond is mutilated, lost, stolen or destroyed, the Authority may execute and, upon its request in writing, the Trustee shall authenticate and deliver a substitute Authority Bond of the same principal amount and maturity as the mutilated, lost, stolen or destroyed Authority Bond in exchange and substitution for such mutilated Authority Bond, or in lieu of and substitution for such lost, stolen or destroyed Authority Bond.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Authority Bonds shall be made to the Trustee at its Corporate Trust Office. In every case the applicant for a substitute Authority Bond shall furnish to the Trustee indemnification to its satisfaction, and in every case of loss, theft or destruction of an Authority Bond, the applicant shall also furnish to the Authority and the Trustee evidence to their satisfaction of such loss, theft or destruction and of the identity of the applicant, and in every case of mutilation of an Authority Bond, the applicant shall surrender the mutilated Authority Bond to the Trustee.

Notwithstanding the foregoing provisions of this Section, in the event any such Authority Bond shall have matured, and no default has occurred which is then continuing in the payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds, the Trustee shall, upon written direction from the Authority, pay the same (without surrender thereof except in the case of a mutilated Authority Bond) instead of issuing a substitute Authority Bond so long as indemnification is furnished as above provided.

Upon the issuance of any substitute Authority Bond, the Trustee may charge the Owner of such Authority Bond for its reasonable fees and expenses in connection therewith. Every substitute Authority Bond issued pursuant to the provisions of this Section by virtue of the fact that any Authority Bond is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Authority, whether or not the lost, stolen or destroyed Authority Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionally with any and all other Authority Bonds duly issued hereunder to the same extent as the Authority Bonds in substitution for which such substitute Authority Bonds were issued.

SECTION 2.04. Execution of Authority Bonds. All Authority Bonds shall, from time to time, be executed on behalf of the Authority by the manual or facsimile signature of the Treasurer and attested by the manual or facsimile signature of the Secretary.

If any of the officers who shall have signed any Authority Bond shall cease to be such officer of the Authority before the Authority Bond so signed shall have been actually authenticated by the Trustee or delivered, such Authority Bond nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed such Authority Bond had not ceased to be such officer of the Authority, and any such Authority Bond may be signed on behalf of the Authority by those persons who, at the actual date of the execution of such Authority Bond, shall be the proper officers of the Authority, although on the date of such Authority Bond any such person shall not have been such officer of the Authority.

SECTION 2.05. Transfer and Registration of Authority Bonds. The Authority Bonds shall be transferred or exchanged and title thereto shall pass only in the manner provided herein, and the Trustee shall keep books constituting the Bond Register for the registration and transfer of the Authority Bonds as provided herein. All Authority Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his or her attorney duly authorized in writing, and all such Authority Bonds shall be surrendered to the Trustee and canceled by the Trustee pursuant to Section 2.08. The Authority and the Trustee shall be entitled to conclusively treat the Owner as the absolute owner of such Authority Bond for the purpose of receiving any payment of the interest on or principal of or redemption premium, if any, on such Authority Bond and for all other purposes hereof, whether such Authority Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Authority Bond to the extent of the sum or sums so paid.

SECTION 2.06. Regulations with Respect to Exchange or Transfer of Authority Bonds.

In all cases in which the privilege of exchanging or registering the transfer of Authority Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Authority Bonds in accordance with the provisions hereof. There shall be no charge to the Owner for any such exchange or registration of transfer of Authority Bonds, but the Authority may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer. Neither the Authority nor the Trustee shall be required to register the transfer or exchange of any Authority Bond during the period established by the Trustee for selection of Authority Bonds for redemption or to register the transfer or exchange of any Authority Bond selected for redemption.

Upon surrender for exchange or transfer of any Authority Bond at the Corporate Trust Office of the Trustee, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the Owner (in the case of transfers) a new Authority Bond or Authority Bonds, of Authorized Denominations, in the aggregate principal amount which the registered Owner is entitled to receive.

All new Authority Bonds delivered upon any transfer or exchange shall be valid obligations of the Authority, evidencing the same debt as the Authority Bonds surrendered, shall be secured hereby and shall be entitled to all of the security and benefits hereof to the same extent as the Authority Bonds surrendered.

SECTION 2.07. Authentication of Authority Bonds. No Authority Bond shall be secured hereby or entitled to the benefits hereof or shall be valid or obligatory for any purpose unless there shall be endorsed on such Authority Bond the Trustee's certificate of authentication, substantially in the form prescribed herein, executed by the manual signature of a duly authorized signatory of the Trustee; and such certificate on any Authority Bond issued by the Authority hereunder shall be conclusive evidence and the only competent evidence that such Authority Bond has been duly authenticated and delivered hereunder.

SECTION 2.08. Cancellation of Authority Bonds. Upon the surrender to the Trustee of any mutilated Authority Bond, or any Authority Bond surrendered for transfer or exchange, or any Authority Bond redeemed or paid at maturity, the same shall forthwith be canceled and the Trustee shall destroy such Authority Bonds and the Trustee shall deliver a certificate of destruction with respect thereto to the Authority.

SECTION 2.09. Authority Bonds as Special Obligations. The Authority Bonds are special, limited obligations of the Authority, payable from the Trust Estate and secured as to the payment of the interest on and principal of and redemption premiums, if any, thereon in accordance with their terms and the terms hereof, solely by the Trust Estate. The Authority Bonds do not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay the interest on or principal of or redemption premiums, if any, on the Authority Bonds except from the Trust Estate. None of the Community Facilities District, the City, the State, any public agency (other than the Authority) or any member of the Community Facilities District or the Authority is obligated to pay the interest on or principal of or redemption premiums, if any, on the Authority Bonds, and neither the faith and credit nor the taxing power of the Community Facilities District, the City, the State or any public agency thereof or any member of the Authority or the Community Facilities District is pledged to the payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds. The payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds does not constitute a debt, liability or obligation of the Community Facilities District, the City, the State or any public agency (other than the Authority) or any member of the Authority.

No agreement or covenant contained in any Authority Bond or herein shall be deemed to be an agreement or covenant of any officer, member, agent or employee of the Authority in his or her individual capacity, and neither the members of the Authority nor any officer or employee thereof executing the Authority Bonds shall be liable personally on any Authority Bond or be subject to any personal liability or accountability by reason of the issuance of the Authority Bonds.

SECTION 2.10. Special Covenants as to Book-Entry Only System for Authority Bonds.

(a) Except as otherwise provided in subsections (b) and (c) of this Section, all of the Authority Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Letter of Representation. Payment of the interest on any Authority Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Authority Bonds to the account, in the manner and at the address indicated in or pursuant to the Letter of Representation.

(b) The Authority Bonds initially shall be issued in the form of a single authenticated fully registered Authority Bond for each stated maturity of such Authority Bonds, representing the aggregate principal amount of the Authority Bonds of such maturity. Upon initial issuance, the ownership of all such Authority Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.05 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Letter of Representation. The Trustee and any paying agent may conclusively treat DTC (or its nominee) as the sole and exclusive owner of the Authority Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Authority Bonds, selecting the Authority Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Authority Bonds, obtaining any consent or other action to be taken by Owners of the Authority Bonds and for all other purposes whatsoever; and neither the Trustee nor the Trustee or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Authority Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Authority Bonds, (iii) any notice which is permitted or required to be given to Owners of Authority Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Authority Bonds, or (v) any consent given or other action taken by DTC as Owner of Authority Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Authority Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Letter of Representation, and all such payments shall be valid and effective to satisfy fully and discharge the Trustee's obligations with respect to the principal of and premium, if any, and interest on the Authority Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Authority Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section.

(c) In the event that the Authority determines that the beneficial owners of the Authority Bonds shall be able to obtain Authority Bond certificates, the Trustee shall, upon the written instruction from the Authority, so notify DTC, whereupon DTC shall notify the

Participants of the availability through DTC of Authority Bond certificates. In such event, the Authority Bonds will be transferable in accordance with subsection (f) of this Section. DTC may determine to discontinue providing its services with respect to the Authority Bonds at any time by giving written notice of such discontinuance to the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Authority Bonds will be transferable in accordance with subsection (f) of this Section. Whenever DTC requests the Trustee to do so, the Trustee will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Authority Bonds then Outstanding. In such event, the Authority Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Authority Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Authority Bond and all notices with respect to each such Authority Bond shall be made and given, respectively, to DTC as provided in the Letter of Representation.

(e) In the event that any transfer or exchange of Authority Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Authority Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.05 and 2.06. In the event Authority Bond certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Authority Bonds, another securities depository as Owner of all the Authority Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.05 and 2.06 shall also apply to, among other things, the registration, exchange and transfer of the Authority Bonds and the method of payment of principal of, premium, if any, and interest on the Authority Bonds.

SECTION 2.11. CUSIP Numbers. The Authority in issuing the Authority Bonds may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Owners; provided that the Trustee shall have no liability for any defect in the “CUSIP” numbers as they appear on any Authority Bond, notice or elsewhere, and, provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Authority Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Authority shall promptly notify the Trustee in writing of any change in CUSIP numbers.

ARTICLE III

ISSUANCE OF AUTHORITY BONDS

SECTION 3.01. Provisions for the Issuance of Authority Bonds. The Authority Bonds shall be executed by the Authority and delivered to the Trustee for authentication, together

with a Written Order authorizing and directing the Trustee to authenticate the Authority Bonds and containing instructions as to the delivery of the Authority Bonds. The Trustee shall authenticate and deliver the Authority Bonds upon receipt of such Written Order and upon the following having been made available to it:

(a) A copy of the resolution adopted by the Authority approving this Trust Agreement and the execution and delivery by the Authority hereof, duly certified by the Secretary to have been duly adopted by the Authority and to be in full force and effect on the date of such certification;

(b) The proceeds of sale of the Authority Bonds;

(c) An Officer's Certificate stating that all conditions precedent to the authorization of the Authority Bonds have been satisfied and that the Authority is not in default in the performance of any of the agreements, conditions, covenants or terms contained herein;

(d) An original executed counterpart hereof;

(e) The Local Obligations to be purchased with the proceeds of the Authority Bonds, registered in the name of the Trustee; and

(f) An Opinion or Opinions of Bond Counsel addressing the validity and, if applicable, the tax-exempt status of the Authority Bonds and the validity of the Local Obligations, subject to such exceptions as may be reasonable and appropriate.

SECTION 3.02. Parity and Subordinate Bonds. So long as any of the Authority Bonds remain Outstanding, the Authority shall not issue any bonds or obligations payable from Revenues.

ARTICLE IV

REDEMPTION OF AUTHORITY BONDS

SECTION 4.01. General Redemption Provisions. The Authority Bonds that are subject to redemption prior to maturity pursuant to this Trust Agreement shall be redeemable, upon mailed notice as provided in this Article, at such times and upon such terms as are contained in this Article.

SECTION 4.02. Optional Redemption. The Authority Bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after [September 1], 20[___], from any source of available funds other than Minimum Sinking Fund Payments and Special Tax Prepayments, upon mailed notice as provided herein, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

[103]% if redeemed on any date on or after [September 1], 20[___]
through [August 31], 20[___];

[102]% if redeemed on any date from [September 1], 20[] through [August 31], 20[];

[101]% if redeemed on any date from [September 1], 20[] through [August 31], 20[]; and

[100]% if redeemed on [September 1], 20[] and any date thereafter.

SECTION 4.03. Extraordinary Redemption. The Authority Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates, as a whole or in part on any Interest Payment Date on or after [March 1], 20[], solely from funds derived from extraordinary redemption of Local Obligations from Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

[103]% if redeemed on an Interest Payment Date on or after [March 1], 20[] through [March 1], 20[];

[102]% if redeemed on an Interest Payment Date on [September 1], 20[] and [March 1], 20[];

[101]% if redeemed on an Interest Payment Date on [September 1], 20[] and [March 1], 20[]; and

[100]% if redeemed on [September 1], 20[] and any Interest Payment Date thereafter.

SECTION 4.04. Mandatory Redemption. The Term Authority Bonds maturing on September 1, 20[], are subject to mandatory redemption by the Authority prior to their maturity date in part on September 1 of each year on and after September 1, 20[], to and including September 1, 20[]; and the Term Authority Bonds maturing on September 1, 20[], are subject to mandatory redemption by the Authority prior to their maturity date in part on September 1 of each year on and after September 1, 20[], to and including September 1, 20[] from (and in the amount of) the Minimum Sinking Fund Payments due and payable for the Term Authority Bonds on each such date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

SECTION 4.05. Redemption Instructions. Upon any prepayment of a Local Obligation, the Authority shall deliver to the Trustee at least forty-five (45) days prior to the redemption date a Written Order of the Authority designating the amounts and maturities of the Authority Bonds to be redeemed, which shall be in the manner necessary to enable the Authority to deliver a Cash Flow Certificate satisfying the requirements described below. In the event only a portion of the Outstanding Authority Bonds of any maturity are to be redeemed at any one time, the Trustee shall select the particular Authority Bonds of each maturity date to be redeemed in accordance with DTC procedures or, if the Authority Bonds are not then in book-entry, in a manner that it deems appropriate and fair. The Trustee shall redeem Authority Bonds in Authorized Denominations. The Trustee shall promptly notify the Authority in writing of the numbers of the

Authority Bonds so selected for redemption on any date. Upon any redemption of a portion but not all of the Outstanding Authority Bonds, the Authority shall deliver to the Trustee a Cash Flow Certificate to the effect that, assuming all payments are made with respect to the Local Obligations, (i) the Revenues, together with moneys on deposit in other funds and account held under this Trust Agreement, will be sufficient to pay all Principal Installments, Minimum Sinking Fund Payments and interest payments on the Authority Bonds when due; and (ii) the redemption premiums, if any, on the Local Obligations, together with other Revenues available to the Trustee for such purpose, are sufficient to offset any difference between the interest to accrue on the Authority Bonds to be paid or redeemed with the proceeds of prepayment of such Local Obligations (plus any redemption premium payable upon redemption of such Authority Bonds) and the income to be earned on any investment of such proceeds (assured as of the date of payment thereof), in each case until the date of payment or redemption of Authority Bonds, such that in no event will the prepayment of Local Obligations cause the Trustee to have insufficient funds to pay debt service on the Authority Bonds when due. In no event shall Authority Bonds be redeemed if upon such redemption the principal amount of the Local Obligations remaining outstanding will be less than the total principal amount of Outstanding Authority Bonds. Such Written Order of the Authority may specify that optional redemption of the Authority Bonds will be conditioned upon receipt of funds or other events.

SECTION 4.06. Notice of Redemption. Subject to receipt of the Written Order of the Authority delivered pursuant to Section 4.05, the Trustee shall, at the sole cost and expense of the Authority, give notice of redemption as hereinafter provided in this Section; provided, that Authority Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Authority Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Authority Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof to the Trustee at its Corporate Trust Office, subject to any conditions to such redemption specified in the Written Order of the Authority, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Authority Bonds (or portions thereof) so to be redeemed will cease to accrue on and after such date and that from and after such date such Authority Bond (or such portion thereof) shall no longer be entitled to any lien, benefit or security hereunder, and the Owner thereof shall have no rights in respect of such redeemed Authority Bond or such portion except to receive payment from such money of such redemption price plus accrued interest to the date fixed for redemption. If sufficient monies for the payment of the redemption price of all Authority Bonds to be redeemed are not then on deposit with the Trustee, such notice shall also state that redemption is conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

Such notice shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption, to the Owners of such Authority Bonds (or portions thereof) so called for redemption, at their respective addresses as the same shall last appear on the Bond Register; provided, that neither the failure of an Owner to receive notice of redemption of Authority Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Authority Bonds.

Any notice of optional redemption hereunder may be rescinded by written notice given by the Authority to the Trustee no later than three (3) Business Day prior to the date specified

for redemption, instructing the Trustee to send such notice of rescission. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given pursuant to this Section.

SECTION 4.07. Payment of Redeemed Authority Bonds. If notice of redemption has been given and not rescinded and if the conditions to such redemption specified therein, if any, have been satisfied, each as provided in Section 4.06, the Authority Bonds (or the portions thereof) called for redemption shall become irrevocably due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Authority Bonds to be redeemed at the Corporate Trust Office of the Trustee specified in the notice of redemption. If there shall be called for redemption less than the full principal amount of an Authority Bond, the Authority shall execute and deliver and the Trustee shall authenticate, upon surrender of such Authority Bond, and without charge to the Owner thereof, Authority Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Authority Bonds so surrendered in such Authorized Denominations as shall be specified by the Owner thereof.

If any Authority Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Authority, then interest on such Authority Bond or such portion thereof shall cease to accrue from such date, and from and after such date such Authority Bond or such portion thereof shall no longer be entitled to any lien, benefit or security hereunder, and the Owner thereof shall have no rights in respect of such Authority Bond or such portion thereof except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

SECTION 4.08. Purchase in Lieu of Redemption. In lieu of redemption of any Authority Bond pursuant to the provisions of Section 4.02 or Section 4.03, and after complying with Section 4.05, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may be used and withdrawn by the Trustee at any time prior to a notice of redemption having been delivered, upon a Written Order for the purchase of such Authority Bonds at public or private sale as and when and at such prices as the Authority may in its discretion determine, but not in excess of the lower of the highest or then current redemption price thereof plus accrued interest to the purchase date; and all Authority Bonds so purchased shall be delivered to the Trustee for cancellation.

ARTICLE V

REVENUES AND FUNDS FOR AUTHORITY BONDS

SECTION 5.01. Establishment of Funds. There is hereby established with the Trustee, and the Trustee hereby agrees to maintain, the following special trust funds for the Authority Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Proceeds Fund, the Local Obligations Fund and the Rebate Fund.

SECTION 5.02. Deposit of Proceeds of Authority Bonds. The net proceeds received from the sale of the Authority Bonds (in the amount of \$[_____], consisting of the principal amount thereof, [plus/less] the [net] original issue [premium/discount] of \$[_____] and less an underwriter's discount of \$[_____]) shall be deposited by the Trustee in the Proceeds Fund.

SECTION 5.03. Proceeds Fund. The amounts in the Proceeds Fund shall be applied forthwith by the Trustee for the purchase of the Local Obligations pursuant to the Local Obligation Purchase Contract whereupon the Proceeds Fund shall be closed. If any amount shall remain in the Proceeds Fund following such purchase, such amount shall be transferred to the Revenue Fund.

SECTION 5.04. Local Obligations Fund. All Local Obligations acquired by the Trustee pursuant to Section 5.03 shall be deposited in the Local Obligations Fund, which the Trustee shall establish and maintain.

SECTION 5.05. Revenue Fund. All Revenues received by the Trustee, other than Revenues derived from the early redemption of Local Obligations from Special Tax Prepayments (which shall be administered in accordance with Section 5.06), shall be deposited by the Trustee in the Revenue Fund. On each Interest Payment Date and Principal Payment Date, the Trustee shall transfer Revenues (to the extent that Revenues are available therein) from the Revenue Fund, in the amounts specified in Sections 5.07 and 5.08, for deposit into the respective Funds specified therein in the order of priority herein set forth, the requirements of each Fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any Fund later in priority. On each Interest Payment Date and Principal Payment Date, after making the deposits required by Sections 5.07 and 5.08, the Trustee shall transfer all remaining money in the Revenue Fund on a pro rata basis to the Indenture Trustee for deposit pursuant to the Local Obligations Indenture.

SECTION 5.06. Revenues Derived from Special Tax Prepayments. The Community Facilities District and the Authority acknowledge that amounts received by the Community Facilities District on account of Special Tax Prepayments are to be utilized for the sole purpose of the prior redemption of Local Obligations pursuant to Section 4.03, and not to pay current, scheduled debt service payments on the Local Obligations. Correspondingly, in order to maintain a proper ratio between debt service payments on the Local Obligations and debt service payments on the Authority Bonds, all Revenues received by the Trustee which are derived from the early redemption of Local Obligations from Special Tax Prepayments when received by the Community Facilities District shall be deposited in the Redemption Fund and used to redeem the Authority Bonds pursuant to Section 4.03, in accordance with a Written Order of the Authority delivered pursuant to Section 4.05.

SECTION 5.07. Interest Fund. The Trustee shall deposit in the Interest Fund on each Interest Payment Date from the Revenue Fund an amount of Revenues which, together with any amounts then on deposit in the Interest Fund, is equal to the interest due on the Authority Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Authority Bonds on such date from the Interest Fund.

SECTION 5.08. Principal Fund. After satisfying the requirements of the foregoing Section 5.07 respecting deposits in the Interest Fund, the Trustee shall deposit in the Principal Fund (i) on each Principal Payment Date from the Revenue Fund an amount of Revenues which,

together with any amounts then on deposit in the Principal Fund (other than amounts previously deposited on account of any Authority Bonds which have matured but which have not been presented for payment) is sufficient to pay the Principal Installments on the Authority Bonds due on such Principal Payment Date and (ii) on each September 1 on which a Minimum Sinking Fund Payment is required to be made (for deposit in the Sinking Fund Account) from the Revenue Fund an amount of Revenues which is equal to the Minimum Sinking Fund Payment due and payable on such date. On each Principal Payment Date, the Trustee shall pay the principal or redemption price due and payable on the Authority Bonds on such date from the Principal Fund.

SECTION 5.09. Redemption Fund. All money held in or transferred to the Redemption Fund pursuant to Section 5.06 shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Authority Bonds pursuant to Section 4.03, and the Trustee shall use other moneys in the Redemption Fund for the payment of the redemption price of Authority Bonds called for redemption pursuant to Section 4.02, together with accrued interest to the redemption date.

SECTION 5.10. Rebate Fund. The Trustee agrees to establish and maintain when needed a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The Trustee shall deposit in the Rebate Fund, from funds made available by the Authority, the Rebate Requirement, all in accordance with the Rebate Instructions received from the Authority. The Trustee will apply money held in the Rebate Fund as provided in Section 7.04 and according to instructions provided by the Authority. Subject to the provisions of Section 7.04, all money held in the Rebate Fund is hereby pledged to secure payments to the United States of America, and the Authority and the Community Facilities District and the Owners will have no rights in or claim to such money. The Trustee will invest all money held in the Rebate Fund in Investment Securities as directed in writing by the Authority, such written direction to specify which Investment Securities are to be invested in, and all investment earnings with respect thereto shall be deposited in the Rebate Fund.

Upon receipt of the Rebate Instructions required by the Tax Certificate to be delivered to the Trustee, the Trustee will remit part or all of the balance held in the Rebate Fund to the United States of America as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such Funds as the Rebate Instructions shall direct. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority including supplying all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee, and shall have no liability or responsibility to monitor or enforce compliance by the Authority with the terms of the Tax Certificate.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from money held in the Rebate Fund or from other money provided to it by the Authority. The Trustee shall not be responsible for computing the Rebate Requirement, and computations of the Rebate Requirement shall be furnished to the Trustee or on behalf of the Authority in accordance with the Tax Certificate.

Notwithstanding any other provision hereof, including in particular Article XII pertaining to defeasance, the obligation to remit the rebate amounts to the United States of America

and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of the Authority Bonds.

ARTICLE VI

SECURITY FOR AND INVESTMENT OF MONEY

SECTION 6.01. Security. All money required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to in any provision hereof shall be held by the Trustee in trust, and except for money held for the payment or redemption of Authority Bonds or the payment of interest on Authority Bonds pursuant to Section 12.03, shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created hereby.

SECTION 6.02. Investment of Money. So long as the Authority Bonds are Outstanding and there is no default hereunder, all money on deposit to the credit of the Revenue Fund, the Interest Fund, the Principal Fund and the Redemption Fund and all accounts within such Funds shall, at the written request of an Authorized Officer specifying and directing that such investment of such money be made, be invested by the Trustee in Investment Securities having maturities not later than the date necessary to provide the availability of money when needed for purposes hereof, and all money held in the Rebate Fund shall, at the written request of an Authorized Officer specifying and directing that such investment of such money be made, be invested by the Trustee in Government Obligations having maturities not later than the date necessary to provide the availability of money when needed for purposes hereof, and the Trustee shall be entitled to conclusively rely on such instructions for purposes of this Section. The Trustee shall notify the Authority in writing prior to the date money held hereunder will be available for investment, requesting that the Authority deliver to the Trustee written instructions specifying the Investment Securities to be acquired by the Trustee with such money. The Authority, in issuing such written instructions, shall comply with the provisions of the Tax Certificate. In the absence of written instructions from the Authority regarding investment, such money shall be held uninvested. The Trustee (or any affiliate thereof) may act as principal or agent in the acquisition or disposition of any investments.

Money on deposit in the Proceeds Fund, if any, shall be invested in Investment Securities pursuant to a Written Order specifying which Investment Securities to be invested in, and such money may not be reinvested in any other Investment Securities unless the Trustee receives, at the time of such reinvestment, a further written certification to the effect that, after such reinvestment, the Revenues will be sufficient to pay principal and interest on the Authority Bonds when due.

Notwithstanding anything to the contrary contained herein, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund from which such accrued interest was paid. The Trustee shall not be responsible for any losses, taxes, fees, charges or consequences of any investment, reinvestment or liquidation of investment if it follows such instructions. Notwithstanding anything to the contrary contained herein, the Trustee shall have no obligation or responsibility to determine whether investment in a security is

permitted by the laws of the State and the City's Investment Policy, for and on behalf of the Community Facilities District, and shall be entitled to conclusively assume that any investment it is directed to make is so permitted.

The securities purchased with the money in each Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the money in any Fund be redeemed or sold in order to raise money necessary to comply with the provisions hereof, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any consequences, fees, taxes or other charges resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized pursuant to this Section.

Investments in the Revenue Fund, the Interest Fund, the Principal Fund and the Redemption Fund may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds amounts received or held by the Trustee; provided, that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided herein.

All earnings on the investment of the money on deposit in any Fund shall remain a part of such Fund.

ARTICLE VII

COVENANTS OF THE AUTHORITY AND THE COMMUNITY FACILITIES DISTRICT

SECTION 7.01. Payment of Authority Bonds; No Encumbrances. The Authority shall cause the Trustee to promptly pay, from Revenues and other funds derived from the Trust Estate pledged hereunder, the interest on and principal of and redemption premium, if any, on every Authority Bond issued under and secured hereby at the place, on the dates and in the manner specified herein and in such Authority Bonds according to the true intent and meaning thereof. The Authority shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Authority Bonds.

SECTION 7.02. Enforcement and Amendment of Local Obligations. The Authority, the Community Facilities District and the Trustee (subject to Article IX hereof) shall enforce all of their rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners hereunder.

The Authority, the Community Facilities District and the Trustee may, without the consent of or notice to the Owners of the Authority Bonds, consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions hereof (including any modifications or changes contained in any Supplemental Trust Agreement, (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein that is not to the material prejudice of the Owners of the

Authority Bonds, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Local Obligations or Authority Bonds from federal income taxes or the exemption of such interest from State personal income taxes.

Except for the amendments, changes or modifications provided for in the preceding paragraph, neither the Authority, the Community Facilities District nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of Authority Bonds at the time Outstanding given and procured as provided in this Section. If at any time the Authority and the Community Facilities District, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice, prepared by the Authority, of such proposed amendment, change or modification to be mailed in the same manner as provided by Section 13.03. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners.

SECTION 7.03. Further Documents. The Authority covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose hereof; provided, that no such instruments or actions shall pledge the faith and credit or the taxing power of the State or any political subdivision of the State.

SECTION 7.04. Tax Covenants for the Authority Bonds.

(a) The Authority and the Community Facilities District will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Authority Bonds under Section 103 of the Code. The Authority and the Community Facilities District will not directly or indirectly use or permit the use of any proceeds of the Authority Bonds or any other funds of the Authority or take or omit to take any action that would cause the Authority Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code or obligations which are “federally guaranteed” within the meaning of Section 149(b) of the Code. The Authority will not allow ten percent (10%) or more of the proceeds of the Authority Bonds to be used in the trade or business of any nongovernmental units and will not lend five percent (5%) or more of the proceeds of the Authority Bonds to any nongovernmental units.

(b) The Authority and the Community Facilities District will not directly or indirectly use or permit the use of any proceeds of the Authority Bonds or any other funds of the Authority or take or omit to take any action that would cause the Authority Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Authority and the Community Facilities District will comply with all requirements of Section 148 of the Code to the extent applicable to the Authority Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any money held by the Trustee hereunder, the Authority will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

(c) The Authority will pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. This covenant shall survive payment in full or defeasance of the Authority Bonds. The Authority will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the Tax Certificate (which is incorporated herein by reference).

(d) The Trustee will conclusively be deemed to have complied with the provisions of this Section and the provisions of the Tax Certificate and shall incur no liability if it follows the directions of the Authority set forth in the Tax Certificate and the Rebate Instructions and shall not be required to take any actions hereunder in the absence of Rebate Instructions from the Authority.

(e) Notwithstanding any provision of this Section, if the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Authority Bonds, the Trustee and the Authority and the Community Facilities District may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

(f) The provisions of this Section shall survive the defeasance of the Authority Bonds.

SECTION 7.05. Maintenance of Existence. The Authority shall maintain the existence, powers and authority of the Authority as a joint exercise of powers authority under the laws of the State.

SECTION 7.06. Continuing Disclosure. The Community Facilities District has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Owners of the Authority Bonds or any other person with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision hereof, failure of the Community Facilities District to comply with any continuing disclosure obligation shall not be considered an Event of Default; provided, that any Owners of the Authority Bonds or beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District to comply with its continuing disclosure obligations.

SECTION 7.07. Redemption Fund for the Local Obligations.

(a) The Community Facilities District expressly acknowledges that, pursuant to the Local Obligations Indenture, the Community Facilities District is to establish and maintain a separate redemption fund for the Local Obligations (the "Local Obligations Redemption Fund") and, so long as the Local Obligations remain outstanding, to deposit into such Local Obligations Redemption Fund, upon receipt, any and all Special Tax Revenues received by the Community Facilities District in connection with the Local Obligations. The Community Facilities District further acknowledges that no temporary loan or other use whatsoever may be made of Special Tax Revenues, and that the Local Obligations Redemption Fund constitutes a trust fund for the benefit of the owners of the Local Obligations.

(b) The Community Facilities District hereby covenants for the benefit of the Authority, as owner of the Local Obligations, the Trustee, as assignee of the Authority with respect

to the Revenues, and the Owners from time to time of the Authority Bonds, that it will establish, maintain and administer the Local Obligations Redemption Fund and the Special Tax Revenues in accordance with their status as trust funds as prescribed by the Act, the Local Obligations Indenture and this Trust Agreement.

(c) The Community Facilities District further covenants that, no later than one (1) Business Day prior to each Interest Payment Date and Principal Payment Date of the Authority Bonds, the Community Facilities District will advance to the Trustee against payment on the Local Obligations, as assignee of the Authority with respect to the Local Obligations, the interest due on the Local Obligations on such Interest Payment Date and the principal of all Local Obligations maturing on such Principal Payment Date, respectively, and upon receipt by the Trustee, such amounts shall constitute Revenues. For so long as Authority Bonds remain Outstanding, the Trustee shall provide written notice to the Authority no later than fifteen (15) days prior to each Interest Payment Date specifying the amount required to be paid to the Trustee pursuant to this subsection in the month subsequent thereto.

SECTION 7.08. Concerning the Trust Estate. The Authority hereby represents and warrants as follows:

(a) This Trust Agreement creates a valid and binding pledge of and security interest in the Trust Estate in favor of the Trustee in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Authority Bonds Outstanding hereunder, enforceable by the Trustee in accordance with the terms hereof.

(b) Under the laws of the State of California, (1) such pledge of and security interest in the Trust Estate and (2) each pledge, assignment, lien, or other security interest made to secure any prior obligations of Authority which, by the terms hereof, ranks on parity with or prior to the pledge of and security interest granted hereby, are and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Authority on a simple contract.

(c) The Authority has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Trust Estate that ranks on parity with or prior to the pledge and security interest granted hereby, except for the pledge and security interest granted to secure the Authority Bonds. The Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in such collateral that ranks prior to or on parity with the pledge and security interest granted hereby, or file any financing statement describing any such pledge, assignment, lien or security interest, except as expressly permitted hereby.

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.01. Events of Default. The following shall constitute “Events of Default” hereunder:

(a) if payment of interest on the Authority Bonds shall not be made when due; or

(b) if payment of any Principal Installment or Minimum Sinking Fund Payment shall not be made when due and payable, whether at maturity, by proceedings for redemption, or otherwise; or

(c) if the Authority or the Community Facilities District shall fail to observe or perform in any material way any other agreement, condition, covenant or term contained herein on its part to be observed or performed, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority or the Community Facilities District, as the case may be, by the Trustee or by the Owners of not less than fifty percent (50%) in aggregate principal amount of the Authority Bonds, provided, that if such default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the Community Facilities District within the applicable period and diligently pursued until the default is corrected; or

(d) if there is an event of default under the Local Obligations Indenture.

SECTION 8.02. Proceedings by Trustee; No Acceleration. Upon the happening and continuance of any Event of Default the Trustee may, or at the written request of the Owners of not less than fifty percent (50%) in aggregate principal amount of Authority Bonds Outstanding, shall (but only if indemnified to its satisfaction from any liability, expense or cost), do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;

(b) bring suit upon or otherwise enforce any defaulting Local Obligation;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and

(e) take such action with respect to any and all Local Obligations or Investment Securities as shall be necessary and appropriate, subject to Section 8.04 and to the terms of such Local Obligations or Investment Securities.

The Trustee shall have no right to declare the principal of all of the Authority Bonds then Outstanding, or the interest accrued thereon, to be due and payable immediately.

SECTION 8.03. Effect of Discontinuance or Abandonment. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 8.04. Rights of Owners. Anything herein to the contrary notwithstanding, but subject to the limitations and restrictions as to the rights of the Owner contained in Sections 8.01, 8.02, and 8.05, upon the happening and continuance of any Event of Default, the Owners of not less than fifty percent (50%) in aggregate principal amount of the Authority Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder.

The Trustee may refuse to follow any direction that conflicts with law or herewith or that the Trustee determines would subject the Trustee to personal liability without adequate indemnification therefor.

SECTION 8.05. Restriction on Owner's Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this Article, no Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust hereunder, or any other remedy hereunder or in the Authority Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than fifty percent (50%) in aggregate principal amount of the Authority Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted herein, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case to be conditions precedent to the execution of the trusts hereof or for any other remedy hereunder, it being understood and intended that no one or more Owners of Authority Bonds secured hereby shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security hereof, or to enforce any rights hereunder or under the Authority Bonds, except in the manner provided herein, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided herein, and for the equal benefit of all Owners of Outstanding Authority Bonds; subject, however, to the provisions of this Section. Notwithstanding the foregoing provisions of this Section or any other provision hereof, the obligation of the Authority shall be absolute and unconditional to pay, but solely from the Trust Estate, the interest on and principal of and redemption premiums, if any, on the Authority Bonds to the respective Owners thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

SECTION 8.06. Power of Trustee to Enforce. All rights of action hereunder or under any of the Authority Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Authority Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners subject to the provisions hereof.

SECTION 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 8.08. Waiver of Events of Default; Effect of Waiver. Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Authority Bonds, the Trustee shall waive any Event of Default hereunder and its consequences. If any Event of Default shall have been waived as herein provided, the Trustee shall promptly give written notice of such waiver to the Authority and the Community Facilities District and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Authority Bonds if such Owners had not previously been given notice of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given by this Article to the Trustee and to the Owners may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.09. Application of Money upon Event of Default. Any money received by the Trustee pursuant to this Article shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in representing the Owners, be applied as follows:

(a) unless the principal of all of the Outstanding Authority Bonds shall be due and payable,

FIRST - To the payment of the Owners entitled thereto of all installments of interest then due on the Authority Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment of the Owners entitled thereto of the unpaid principal of and redemption premiums, if any, on any of the Authority Bonds which shall have become due (other than Authority Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions hereof) in the order of their due dates, and if the amount available shall not be sufficient to pay in full the principal of and redemption premiums, if any, on such Authority Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Owners entitled thereto without any discrimination or privilege; and

THIRD - To be held for the payment to the Owners entitled thereto as the same shall become due of the interest on and principal of and redemption

premiums, if any, on the Authority Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such interest and principal and redemption premiums, if any, due on any particular date, payment shall be made in accordance with the FIRST and SECOND paragraphs hereof.

(b) if the principal of all of the Outstanding Authority Bonds shall be due and payable, to the payment of the interest on and principal of and redemption premiums, if any, due on all Outstanding Authority Bonds without preference or priority of or of any interest on any Outstanding Authority Bond over any other Outstanding Authority Bond, any principal of or the redemption premium, if any, on any Outstanding Authority Bond or of any other Outstanding Authority Bond, ratably, according to the amounts due respectively for interest and principal and redemption premiums, if any, to the Owners entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Authority Bonds.

ARTICLE IX

THE TRUSTEE

SECTION 9.01. Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created to all of which the Authority agrees and the respective Owners of the Authority Bonds, by purchase and acceptance thereof, agrees.

SECTION 9.02. Duties, Immunities and Liability of Trustee. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth herein, and no implied duties or obligations shall be read herein against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it hereby and use the same degree of care and skill in their exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs.

In the absence of an Event of Default, the Authority may remove the Trustee. The Authority shall remove the Trustee if (A) it receives an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Authority Bonds then Outstanding (or their attorneys duly authorized in writing) or (B) at any time the Trustee shall cease to be eligible in accordance with this Section, or (C) the Trustee shall become incapable of acting, or (D) the Trustee shall commence a case under any bankruptcy, insolvency or similar law, or (E) a receiver of the Trustee or of its property shall be appointed, or (F) any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation. To effect any such removal, the Authority shall give written notice thereof to the Trustee, and thereupon the Authority (with the concurrence of the Community Facilities District) shall promptly appoint a successor Trustee by an instrument in writing.

The Trustee may, subject to the next following paragraph of this Section, resign by giving written notice of such resignation by mail, first class postage prepaid, to the Authority, the

Community Facilities District and the Owners at the respective addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority (with the concurrence of the Community Facilities District) shall promptly appoint, by an instrument in writing, a successor Trustee.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of the successor Trustee by the Authority and the Community Facilities District and acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition, at the expense of the Community Facilities District, any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the Authority and the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if it were originally named Trustee herein; but, nevertheless, at the written request of the Authority or the Community Facilities District or the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it hereunder and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority and the Community Facilities District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such successor Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their respective addresses listed in the Bond Register.

Any successor Trustee appointed under the provisions of this Section shall be a trust company or bank having the powers of a trust company, having a designated corporate trust office in California, and with a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and being subject to supervision or examination by federal or state authority; and if such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, the Trustee shall resign promptly in the manner and with the effect specified in this Section.

No provision herein shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder unless the Owners shall have offered to the Trustee indemnity it deems reasonable, against the costs, expenses and liabilities that may be incurred. The Trustee shall be entitled to interest on all money advanced by it hereunder at its prime rate then in effect plus two percent (2%), but not to exceed the maximum interest rate permitted by the laws of the State.

In accepting the trust hereby created, the Trustee is acting solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Authority Bonds.

The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Authority or the Community Facilities District of the funds hereunder including, without limitation, the purchase of the Local Obligations hereunder; provided, that the Trustee shall not acquire Local Obligations other than pursuant to the provisions of Sections 5.03 and 5.04.

In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall not be responsible for the validity or effectiveness or value of any collateral or security securing any Local Obligation. The Trustee shall not be responsible for the recording or filing of any document relating hereto or any Local Obligation or of financing statements (or amendments or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing any Local Obligation. The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer of the Trustee shall have actual knowledge thereof at its Corporate Trust Office.

The Trustee shall not be accountable for the use or application by the Authority or the Community Facilities District or any other party of any funds which the Trustee has released hereunder.

The Trustee shall provide a monthly accounting of all funds held pursuant hereto (and all funds held by the Indenture Trustee) to the Authority within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within ninety (90) days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any accounts and funds (including the Local Obligations Fund) created hereunder as of the beginning and the close of such accounting period.

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

SECTION 9.03. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall succeed to the rights and obligations of the Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding; provided, that such company shall be eligible under Section 9.02.

SECTION 9.04. Compensation and Indemnification. The Authority shall pay or cause the Community Facilities District to pay the Trustee such compensation, as shall be agreed in writing, for its services rendered hereunder and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorneys' fees and expenses, incurred by the Trustee in the performance of its obligations hereunder and with respect to the Local Obligations.

The Authority agrees, to the extent permitted by law, to indemnify the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless against, any loss, liability, claim or expense incurred without negligence or willful misconduct on its part arising out of or in connection with (i) the acceptance or administration of the trusts imposed hereby, including performance of its duties hereunder, including the costs and expenses of defending itself against any claims (whether asserted by the City or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder (including this Section 9.04), (ii) the projects to be financed with the purchase of the Local Obligations; (iii) the sale of any Authority Bonds or the purchase of the Local Obligations and the carrying out of any of the transactions contemplated by the Authority Bonds or the Local Obligations; or (iv) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized by the Authority or the Community Facilities District in connection with the sale of the Authority Bonds or the Local Obligations. The Authority's obligations hereunder with respect to indemnity of the Trustee and the provision for its compensation set forth in this Article shall survive and remain valid and binding notwithstanding the maturity and payment of the Authority Bonds, or the resignation or removal of the Trustee.

The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract of purchase for the sale of the Authority Bonds, that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of

the sale, deliver the Authority Bonds and other certificates expressly required to be delivered by it and its counsel.

The Trustee shall not be responsible for determining or investigating whether any Local Obligation purchased pursuant to Section 5.03 is a Local Obligation, as defined herein, and the Trustee may conclusively rely on the Authority's determination and direction in this regard; provided, that the Trustee shall not acquire the Local Obligations other than pursuant to the provisions of Section 5.03. The Trustee shall be entitled to rely conclusively on the covenants, representations and warranties of each obligor on any Local Obligation and in the documents and certificates delivered in connection therewith and each Written Order.

SECTION 9.05. Liability of Trustee. The recitals of facts herein and in the Authority Bonds contained shall be taken as statements of the Authority or the Community Facilities District, and the Trustee does not assume any responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency hereof or of the Authority Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Authority Bonds assigned to or imposed upon it; provided, that the Trustee shall be responsible for its representations contained in its certificate of authentication on the Authority Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Authority Bonds with the same rights it would have if it were not Trustee hereunder, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Authority Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Authority Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder. Whether or not therein expressly so provided, every provision hereof or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

SECTION 9.06. Right to Rely on Documents; Adverse Effect Determinations. The Trustee may conclusively rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, 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 Trustee may consult with counsel of its selection, who may be counsel of or to the Authority, 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 or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it hereby the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Trustee for any

action taken or suffered or omitted in good faith under the provisions hereof in reliance upon such Officer's Certificate, but the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall be entitled to advice of counsel of its selection and other professionals or agents concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable or liable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Trustee with due care.

SECTION 9.07. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions hereof shall be retained in its possession in accordance with its record retention policies and shall be subject at all reasonable times upon prior written notice to the inspection of the Authority, the Owners of not less than a majority of the aggregate principal amount of the Outstanding Authority Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

SECTION 9.08. Indemnity for Trustee. Before taking any action or exercising any rights or powers hereunder, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of any and all costs, claims and expenses which it may incur and to indemnify it against any and all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF AUTHORITY BONDS

SECTION 10.01. Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted hereby to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor by different parties and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Authority Bonds shall be sufficient for any purpose hereof and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him or her the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of Authority Bonds hereunder by any Owner and the serial numbers of such Authority Bonds and the date of his ownership of the same shall be proved by the Bond Register.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article

stated which shall be sufficient. Any request or consent of the Owner shall bind every future Owner of such Authority Bond and any Authority Bond or Authority Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

SECTION 11.01. Supplemental Trust Agreements with Consent of Owners. Any modification or alteration hereof or of the rights and obligations of the Authority, the Community Facilities District or the Owners may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Authority Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Authority Bonds the consent of the Owners of which is required for any such modification or alteration or permit the creation by the Authority or the Community Facilities District of any lien prior to or on parity with the lien hereof upon the Trust Estate or which will affect the times, amounts and currency of payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

SECTION 11.02. Supplemental Trust Agreements Without Consent of Owners. The Authority and the Community Facilities District may, without the consent of the Owners, enter into a Supplemental Trust Agreement or Supplemental Trust Agreements, which thereafter shall form a part of this Trust Agreement, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Authority or the Community Facilities District contained herein other agreements and covenants thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Authority or the Community Facilities District; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;

(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained herein or in any Supplemental Trust Agreement;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject hereto additional collateral or to add other agreements of the Authority or the Community Facilities District;

(f) to modify this Trust Agreement or the Authority Bonds to permit qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Authority Bonds for sale under the securities laws of any state of the United States of America;

(g) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion from gross income for federal income tax purposes under the Code of the interest on the Authority Bonds or the exemption of interest on the Authority Bonds from State personal income taxes; or

(h) to evidence the succession of a successor Trustee.

For all purposes of this Section, the Trustee shall be entitled to conclusively rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel with respect to the extent, if any, to which any action affects the rights hereunder of any Owner.

SECTION 11.03. Trustee Authorized to Enter into Supplemental Trust Agreements. The Trustee is hereby authorized to enter into any Supplemental Trust Agreement with the Authority and the Community Facilities District authorized or permitted by the terms hereof, and to make the further agreements and stipulations which may be therein contained, and for all purposes of this Section the Trustee shall be entitled to conclusively rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel to the effect that such Supplemental Trust Agreement is authorized or permitted by the provisions hereof.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance. If and when the Authority Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided herein, or otherwise, and the whole amount of the interest on and principal of redemption premiums, if any, so due and payable upon all of the Authority Bonds shall have been paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder by the Authority, including all fees and expenses of the Trustee, then and in that case, this Trust Agreement and the lien created hereby shall be completely discharged and satisfied and the Authority and the Community Facilities District shall be released from the respective agreements, conditions, covenants and terms of the Authority and the Community Facilities District contained herein, and the Trustee shall assign and transfer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances as provided in Section 12.04 and shall execute such documents as may be reasonably required by the Authority or the Community Facilities District in this regard.

Notwithstanding the satisfaction and discharge hereof, those provisions of this Trust Agreement relating to the maturity of the Authority Bonds, interest payments and dates thereof, exchange and transfer of Authority Bonds, replacement of mutilated, destroyed, lost or stolen Authority Bonds, the safekeeping and cancellation of Authority Bonds, nonpresentment of Authority Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owner, and the Trustee shall, subject to Section 13.06, continue to be obligated to hold in trust any money or investments then held by the Trustee for the payment of the interest on and principal of and redemption premiums, if any, on the Authority Bonds, to pay to the Owner of Authority Bonds the funds so held by the Trustee as and when such payments become due, and those provisions hereof contained in Section 9.04

relating to the compensation and indemnification of the Trustee and in Section 7.04 relating to the tax covenants of the Authority and the Community Facilities District shall remain in effect and shall be binding upon the Trustee, the Authority and the Community Facilities District.

SECTION 12.02. Authority Bonds Deemed to Have Been Paid. If any money shall have been set aside and held by the Trustee for the payment or redemption of any Authority Bonds and the interest installments therefor at the maturity thereof or date fixed for redemption, such Authority Bonds shall be deemed to be paid within the meaning and with the effect provided in Section 12.01. Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 12.01 if (a) in case any Authority Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee irrevocable instructions to mail notice of redemption of such Authority Bonds on such redemption date, such notice to be given in accordance with the provisions of Article IV, (b) there shall have been deposited with the Trustee in escrow either (i) money in an amount which shall be sufficient to pay when due the interest on and principal of and redemption premiums, if any, due and to become due on such Authority Bonds on and prior to the date scheduled for redemption or maturity date thereof, as the case may be, or (ii) noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Trustee at the same time, shall be sufficient as verified by a report of a nationally recognized independent certified public accountant to pay when due the interest on and principal of and redemption premiums, if any, due and to become due on such Authority Bonds on and prior to the date fixed for redemption or maturity date thereof, as the case may be, and (c) in the event any of such Authority Bonds are not to be redeemed within the next succeeding sixty (60) days, the Authority shall have given the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article IV, a notice to the Owners of such Authority Bonds that the deposit required by (b) above has been made with the Trustee and that such Authority Bonds are deemed to have been paid in accordance with this Section and stating the maturity dates or redemption dates upon which money is to be available for the payment of the interest on and principal of and redemption premiums, if any, on such Authority Bonds. Neither the securities nor money deposited with the Trustee pursuant to this Section nor interest or principal payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of and redemption premiums, if any, on such Authority Bonds; provided, that any cash received from such interest or principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the written direction of the Authority, be reinvested in Government Obligations, such written direction to specify which Government Obligations are to be invested in, maturing at times and in amounts, together with the other money and payments with respect to Government Obligations then held by the Trustee pursuant to this Section, sufficient to pay when due the interest on and principal of and redemption premiums, if any, to become due on such Authority Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Authority as received by the Trustee free and clear of any trust, lien or pledge.

SECTION 12.03. Money Held for Particular Authority Bonds. Except as otherwise provided in Section 12.02 or 13.06, the amounts held by the Trustee for the payment of the interest on or principal of the redemption premiums, if any, or the interest due on any date with respect to particular Authority Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it solely for the Owners entitled thereto.

SECTION 12.04. Effect of Defeasance of Authority Bonds. Notwithstanding any other provision hereof, in the event that the Authority Bonds are defeased and the obligations hereunder are discharged pursuant to this Article, the Trustee shall transfer all property and money held by the Trustee (including, without limitation, the Local Obligations), to or upon the written order of the Authority.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Dissolution of Authority. In the event of the dissolution of the Authority, all the agreements, conditions, covenants and terms contained herein by or on behalf of, or for the benefit of, the Authority shall bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

SECTION 13.02. Parties Interested Herein. Except as otherwise specifically provided herein, nothing contained herein, expressed or implied, is intended or shall be construed to confer upon any Person other than the Authority, the Community Facilities District, the Trustee and the Owners any right, remedy or claim under or by reason hereof, this Trust Agreement being intended to be for the sole and exclusive benefit of the Authority, the Community Facilities District, the Trustee and the Owners.

SECTION 13.03. Notice. All written notices to be given hereunder to the Authority or the Community Facilities District or the Trustee shall be given by mail or electronic means to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Authority: Folsom Ranch Financing Authority
50 Natoma Street
Folsom, CA 95630
Attention: Treasurer
Fax: 916-985-0870
Email: financetreasury@folsom.ca.us

If to the Community Facilities District:

City of Folsom Community Facilities District No. 23
(Folsom Ranch)
c/o City of Folsom
City Hall
50 Natoma Street
Folsom, CA 95630
Attention: Finance Director
Fax: 916-985-0870
Email: financetreasury@folsom.ca.us

If to the
Trustee:

MUFG Union Bank, N.A.
445 South Figueroa, 20th Floor
Los Angeles, CA 90071
Attention: Corporate Trust
Fax: 213-972-5694
Email: LACT@unionbank.com
with a copy to: keith.sevigny@unionbank.com

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class mail deposited with the United States mail postage prepaid, seventy-two (72) hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, twenty-four (24) hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail to the Owners notice of any event when such notice is required to be given pursuant to any provision hereof, then any manner of giving such notice as the Authority shall direct and not objected to by the Trustee shall be deemed to be a sufficient giving of such notice.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Trust Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the Authority to provide such Instructions and containing specimen signatures of such officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its reasonable judgment elects to act upon such Instructions,

the Trustee's understanding of such Instructions shall be deemed controlling. The Community Facilities District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall be entitled to conclusively presume without liability that directions that purport to have been sent by an officer listed on the incumbency certificate provided to the Trustee have been sent by such officer. The Authority shall be responsible for ensuring that only officers transmit such Instructions to the Trustee and that the Authority and all officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs claims, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee in writing immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 13.04. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided herein, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 13.05. Limitation of Liability. The Authority shall not be obligated to make any payments required hereunder or under any Bond, or be deemed to incur any liability hereunder or by reason hereof or arising out of any of the transactions contemplated hereby, payable from any funds or assets other than the Trust Estate as provided herein.

SECTION 13.06. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or principal of or redemption premiums, if any, on any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable, shall be paid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such amounts; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense and written direction of the Authority, give notice by first class mail to the Owners that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Authority.

SECTION 13.07. Governing Law. This Trust Agreement shall be governed as to validity, construction and performance by the laws of the State.

SECTION 13.08. Severability of Invalid Provisions. If any clause, provision or section hereof is held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Trust Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

SECTION 13.09. Counterparts and Electronic Execution. This Trust Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all of which such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Trust Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Trust Agreement as to the parties hereto and may be used in lieu of the original Trust Agreement and signature pages for all purposes. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Trust Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

SECTION 13.10. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Trust Agreement agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

SECTION 13.11. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, pandemics, epidemics, quarantine restrictions, recognized public emergencies, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

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IN WITNESS WHEREOF, the Authority has caused this Trust Agreement to be executed by the Treasurer, the Community Facilities District has caused this Trust Agreement to be executed in its name by the Finance Director of the City of Folsom, and the Trustee has caused this Trust Agreement to be executed by its authorized signatory, all as of the day and year first above written.

FOLSOM RANCH FINANCING AUTHORITY

By _____
Treasurer

CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH)

By _____
Finance Director of the City of Folsom

MUFG UNION BANK, N.A.,
as Trustee

By _____
Authorized Signatory

EXHIBIT A

FORM OF AUTHORITY BONDS

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

Unless this Authority Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee for registration of transfer, exchange, or payment, and any Authority Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

FOLSOM RANCH FINANCING AUTHORITY
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT
NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1 SPECIAL TAX REVENUE
BOND, SERIES 2020

No. R-__ \$ _____

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 1, 20__	[November __], 2020	344414[__]

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

The Folsom Ranch Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State of California (the “Authority”), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the maturity date set forth above (subject to any right of prior redemption hereinafter mentioned) the principal sum set forth above and to pay interest thereon at the interest rate per annum set forth above. The interest on this Authority Bond will be calculated on the basis of a 360-day year consisting of twelve (12) 30-day calendar months and will be payable on March 1 and September 1 in each year (each an “Interest Payment Date”), commencing on March 1, 2021, and is payable

by check, mailed by first class mail, on each Interest Payment Date to the registered owner whose name appears on the bond register maintained by the Corporate Trust Office of MUFG Union Bank, N.A. (together with any successor as Trustee under the Trust Agreement hereinafter mentioned, the "Trustee") as of the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date (the "Record Date"), except with respect to defaulted interest for which a special record date will be established; provided, that in the case of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Authority Bonds, upon written request of such registered owner to the Trustee received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the continental United States of America. The principal hereof and the redemption premium hereon, if any, are payable upon presentation and surrender hereof at the Corporate Trust Office of the Trustee. Both the interest on and principal of and redemption premium, if any, hereon are payable in lawful money of the United States of America. All capitalized terms used herein but not otherwise defined shall have the meanings contained in the hereinafter mentioned Trust Agreement.

The Authority and the Trustee shall be entitled to conclusively treat the registered owner of this Authority Bond as the absolute owner hereof for the purpose of receiving payment as herein provided and for all other purposes, and the Authority and the Trustee shall not be affected by notice to the contrary.

This Authority Bond is one of a duly authorized issue of bonds of the Authority designated as the "Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020" (the "Authority Bonds") issued in the aggregate principal amount of [PAR IN WORDS] dollars (\$[PAR]) pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, including the Marks-Roos Local Bond Pooling Act of 1985 (being California Government Code Sections 6584-6594) as amended and supplemented (the "Act"), and pursuant to a trust agreement executed and entered into as of November 1, 2020, by and among the Authority, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the "Community Facilities District") and the Trustee (the "Trust Agreement"). The Authority Bonds are issued for the purpose of purchasing Local Obligations, and reference is hereby made to the Trust Agreement (a copy of which is on file at the Corporate Trust Office of the Trustee) and all trust agreements supplemental thereto and to the Act for a description of the purposes thereof, of the rights thereunder of the registered owner, of the nature and extent of the security for the Authority Bonds and of the rights, duties and immunities of the Trustee, of the obligations of the Community Facilities District, and of the rights and obligations of the Authority thereunder, to all the provisions of which Trust Agreement the registered owner of this Authority Bond, by acceptance hereof, assents and agrees.

The Authority Bonds and the interest thereon and any redemption premiums thereon are special, limited obligations of the Authority payable solely from the Trust Estate and are secured by the Trust Estate, including amounts held in the accounts and funds (other than the Rebate Fund) established pursuant to the Trust Agreement (including proceeds of the sale of the Authority Bonds), subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement. No

member or officer of the Authority, nor any person executing this Authority Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of this Authority Bond.

THE AUTHORITY BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE FROM, AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL OF AND ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE TRUST AGREEMENT, SOLELY FROM THE TRUST ESTATE. THE AUTHORITY BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE OBLIGATED TO PAY PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS EXCEPT FROM THE TRUST ESTATE. NONE OF THE COMMUNITY FACILITIES DISTRICT, THE CITY OF FOLSOM (THE "CITY"), THE STATE OF CALIFORNIA NOR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) NOR ANY MEMBER OF THE COMMUNITY FACILITIES DISTRICT OR THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT, THE CITY, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS, AND NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, THE CITY, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY.

The Authority Bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after [September 1], 20[___], from any source of available funds other than Minimum Sinking Fund Payments and Special Tax Prepayments, upon mailed notice as hereinafter provided, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

[103]% if redeemed on any date on or after [September 1], 20[___] through [August 31], 20[___];

[102]% if redeemed on any date from [September 1], 20[___] through [August 31], 20[___];

[101]% if redeemed on any date from [September 1], 20[___] through [August 31], 20[___]; and

[100]% if redeemed on [September 1], 20[___] and any date thereafter.

The Authority Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates, as a whole or in part on any Interest Payment Date on or after [March 1], 20[___], solely from funds derived from extraordinary redemption of Local Obligations from Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

[103]% if redeemed on an Interest Payment Date on or after [March 1], 20[___] through [March 1], 20[___];

[102]% if redeemed on an Interest Payment Date on [September 1], 20[___] and [March 1], 20[___];

[101]% if redeemed on an Interest Payment Date on [September 1], 20[___] and [March 1], 20[___]; and

[100]% if redeemed on [September 1], 20[___] and any Interest Payment Date thereafter.

The Authority Bonds maturing on September 1, 20[___], are subject to mandatory redemption by the Authority prior to their stated maturity date in part on September 1 of each year on and after September 1, 20[___], to and including September 1, 20[___]; and the Authority Bonds maturing on September 1, 20[___], are subject to mandatory redemption by the Authority prior to their stated maturity date in part on September 1 of each year on and after September 1, 20[___], to and including September 1, 20[___], upon mailed notice as hereinafter provided, from (and in the amount of) the Minimum Sinking Fund Payment due and payable for the Authority Bonds on each such date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

Notice of redemption of any Authority Bonds shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption, to the registered owners of such Authority Bonds (or portions thereof) so called for redemption, at their respective addresses as the same shall last appear on the Bond Register maintained by the Trustee; provided, that neither the failure of a registered owner to receive notice of redemption of Authority Bonds nor any error in such notice shall affect the validity of the proceedings for the redemption of Authority Bonds; and provided further, that no notice of redemption need be given to the registered owner of an Authority Bond to be called for redemption if such registered owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date.

Any notice of optional redemption under the Trust Agreement may be rescinded by written notice given by the Authority to the Trustee no later than one (1) Business Day prior to the date specified for redemption. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given.

The Authority Bonds are issuable as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple in excess thereof. This Authority Bond may be transferred or exchanged by the registered owner hereof, in person or by an attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement, and upon surrender and cancellation of this Authority Bond. Upon such transfer or exchange, a new Authority Bond or Authority Bonds, of authorized denominations, for the same aggregate principal amount, interest rate and maturity will be issued to the transferee in accordance with the provisions of the Trust Agreement. The Trustee is not required to register the transfer of, or to exchange, any Authority Bond during the period established by the Trustee for selection of Authority Bonds for redemption or to register the transfer of, or to exchange, any Authority Bond which has been selected for redemption pursuant to the Trust Agreement.

The Trust Agreement and the rights and obligations of the Authority and of the registered owners of the Authority Bonds may be modified or amended from time to time and at any time (and in certain cases without the consent of such registered owners) in the manner, to the extent and upon the terms provided in the Trust Agreement.

The Trust Agreement contains provisions permitting the Authority to make provisions for the payment of the interest on, and the principal and premium, if any, of, any of the Authority Bonds so that such Authority Bonds shall no longer be deemed to be Outstanding under the terms of the Trust Agreement.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Authority Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California, including the Act, and that the amount of this Authority Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution and laws of the State of California, including the Act, and is not in excess of the amount of Authority Bonds permitted to be issued under the Trust Agreement.

This Authority Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Trustee.

IN WITNESS WHEREOF, the Folsom Ranch Financing Authority has caused this Authority Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Treasurer and attested by the facsimile signature of its Secretary, all as of November [], 2020.

FOLSOM RANCH FINANCING AUTHORITY

By: _____
Treasurer

Attest:

Secretary

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Authority Bonds described in the within-mentioned Trust Agreement, which has been authenticated on the date below.

Dated: November [], 2020

MUFG UNION BANK, N.A.
as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____
_____ this registered Authority Bond and irrevocably constitutes
and appoints _____ attorney to transfer the same on the books of the
Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

NOTE: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Social Security Number, Taxpayer Identification Number or other Identifying
Number of Assignee: _____.

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ATTACHMENT 4

CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)

and

MUFG UNION BANK, N.A.,

as Trustee

INDENTURE

Dated as of November 1, 2020

Relating to the

City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area No. 1
Special Tax Bonds

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INDENTURE

This Indenture (the “Indenture”), dated as of November 1, 2020, by and between the City of Folsom Community Facilities District No. 23 (Folsom Ranch), organized and existing under and by virtue of the laws of the State of California (the “Community Facilities District”), and MUFG Union Bank, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the City Council of the City of Folsom (the “City”) on May 26, 2020, duly adopted its Resolution No. 10435 establishing the Community Facilities District and designating various improvement areas therein, including Improvement Area No. 1 (the “Improvement Area”), for the purpose of providing for the financing of certain public facilities and certain public services in and for such Community Facilities District; and

WHEREAS, at an election held in the Community Facilities District on May 26, 2020, the qualified electors within the Improvement Area duly authorized the issuance of seventy-six million dollars (\$76,000,000) principal amount of special tax bonds for the Improvement Area for the purpose of financing such public facilities and services; and

WHEREAS, the qualified electors in the Improvement Area at such election additionally authorized the levy and collection of a special tax to be used for the purpose, among others, of paying the interest on and principal of and redemption premiums, if any, on such special tax bonds; and

WHEREAS, the Community Facilities District has determined to issue [PAR IN WORDS] dollars (\$[PAR]) principal amount of such special tax bonds for the Improvement Area (the “2020 Bonds” and, together with any Additional Bonds (defined herein), the “Bonds”) pursuant hereto and to secure the Bonds in the manner provided herein, and for the purpose of paying for such public facilities; and

WHEREAS, the Folsom Ranch Financing Authority (the “Authority”) has agreed to purchase the Bonds pursuant to a Local Obligation Purchase Contract between the Authority and the Community Facilities District dated [_____], 2020, with a portion of the proceeds of the Authority’s City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020 (the “Authority Bonds”); and

WHEREAS, all things necessary to cause the Bonds, when executed by the Community Facilities District and authenticated by the Trustee and delivered as provided herein, to be legal and valid special tax obligations of the Community Facilities District enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Bonds at any time issued and Outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the purchase and acceptance of the Bonds by the respective Holders thereof from time to time, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Community Facilities District does hereby agree and covenant with the Trustee, for the benefit of the respective Holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, all terms defined in this Section shall for all purposes hereof and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

2020 Bonds

“2020 Bonds” means the [PAR IN WORDS] dollars (\$[PAR]) aggregate principal amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020, at any time Outstanding hereunder that are executed, authenticated and delivered in accordance with the provisions hereof.

Accountant’s Report

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Acquisition and Construction Fund

“Acquisition and Construction Fund” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Acquisition and Construction Fund established pursuant to Section 2.15.

Additional Bonds

“Additional Bonds” mean Bonds other than the 2020 Bonds issued hereunder in accordance with the provisions of Sections 2.02 and 2.03.

Annual Debt Service

“Annual Debt Service” means for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Bonds are retired as scheduled

(including by reason of Minimum Sinking Fund Account Payments), and (b) the principal of the Bonds due in such Bond Year (including by reason of Minimum Sinking Fund Account Payments).

Authority

“Authority” means the Folsom Ranch Financing Authority and its successors and assigns.

Authority Bonds

“Authority Bonds” means the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2020.

Authority Trustee

“Authority Trustee” means MUFG Union Bank, N.A., as trustee under the Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means the average Debt Service on the Bonds payable in the current Bond Year and in all future Bond Years during which any Bonds are scheduled to be Outstanding, all as determined by the Community Facilities District under the Code and specified in writing to the Trustee.

Bond Reserve Account

“Bond Reserve Account” means each such account within the Bond Reserve Fund referred to by that name, including the Series 2020 Bond Reserve Account.

Bond Reserve Fund

“Bond Reserve Fund” means the fund within the Special Tax Fund referred to by that name established pursuant to Section 4.02. The Bond Reserve Fund will be made up solely of the Bond Reserve Account(s) established therein.

Bonds, Serial Bonds, Term Bonds

“Bonds” means 2020 Bonds and any Additional Bonds.

“Serial Bonds” means the Bonds for which no Minimum Sinking Fund Account Payments are established.

“Term Bonds” means the Bonds which are redeemable or payable on or before their specified maturity dates from Minimum Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity dates.

Bond Year

“Bond Year” means the twelve-month period terminating on September 1 of each year; provided, that the first Bond Year shall commence on the date of the execution and initial delivery of the Bonds.

Business Day

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks in New York, New York, or the city in which the Corporate Trust Office of the Trustee is located, are closed.

Capitalized Interest Account

“Capitalized Interest Account” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Capitalized Interest Account established pursuant to Section 2.14.

Certificate of the City

“Certificate of the City” means an instrument in writing signed by the City Manager or the Finance Director, or by any other officer of the City duly authorized by the City Council for that purpose.

City

“City” means the City of Folsom, a charter city and municipal corporation duly organized and existing under and by virtue of its charter and the Constitution and laws of the State of California.

City Clerk

“City Clerk” means the City Clerk of the City.

City Council

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

City Manager

“City Manager” means the City Manager of the City.

Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

Community Facilities District

“Community Facilities District” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch), a community facilities district duly organized and existing in the City under and by virtue of the Law.

Community Facilities Fund

“Community Facilities Fund” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Community Facilities Fund established pursuant to Section 4.02.

Corporate Trust Office

“Corporate Trust Office” means the office of the Trustee in California designated in Section 6.01 at which at any particular time its corporate trust business shall be administered.

Costs of Issuance

“Costs of Issuance” means all costs and expenses payable by or reimbursable to the City or the Community Facilities District that are related to the authorization, sale, execution and initial delivery of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, rating agency fees, filing fees, initial fees and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges and fees and charges of other consultants and professionals, together with all costs for preparation of the Bonds, and any other cost or expense in connection with the authorization, sale, execution and initial delivery of the Bonds.

Costs of Issuance Fund

“Costs of Issuance Fund” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Costs of Issuance Fund established pursuant to Section 2.16.

Debt Service

“Debt Service” means, for any Bond Year, the sum of (1) the interest payable during such Bond Year on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Minimum Sinking Fund Account Payments, plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, plus (3) the Minimum Sinking Fund Account Payment required to be deposited in the Sinking Fund Subaccount in such Bond Year.

Event of Default

“Event of Default” means an event described as such in Section 8.01.

Expense Account

“Expense Account” means the account within the Special Tax Fund referred to by that name established pursuant to Section 4.02.

Expenses

“Expenses” means all expenses paid or incurred by the City or the Community Facilities District for the cost of planning and designing the Facilities, including the cost of environmental evaluations of the Facilities and the costs associated with the creation of the Community Facilities District, the designation of the improvement areas therein, the issuance of the Bonds, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, and any other expenses incidental to the acquisition, construction, completion and inspection of the Facilities; all as determined in accordance with Generally Accepted Accounting Principles.

Facilities

“Facilities” means those certain public facilities authorized to be acquired and constructed in and for the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on May 26, 2020.

Facilities Special Tax

“Facilities Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement in accordance with the Rate and Method (each as defined in the Rate and Method).

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of City or Community Facilities District funds.

Finance Director

“Finance Director” means the Finance Director of the City.

Fiscal Year

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

Fitch

“Fitch” means Fitch Ratings, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to Section 2.09.

Improvement Area

“Improvement Area” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1, a designated improvement area within the Community Facilities District.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Community Facilities District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the Community Facilities District;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Community Facilities District; and

(3) is not connected with the Community Facilities District as an officer or employee of the Community Facilities District, but who may be regularly retained to audit the accounting records of and make reports thereon to the Community Facilities District.

Independent Consultant

“Independent Consultant” means any consultant or firm of consultants selected by the Community Facilities District who, or each of whom, (a) is generally recognized to be qualified in the field of special tax or financial consulting, (b) is in fact independent and not under the control of the Community Facilities District, (c) does not have any substantial interest, direct or indirect, in the Community Facilities District, or any owner of real property in the Community Facilities District, and (d) is not an officer or employee of the Community Facilities District, but who may be regularly retained to make reports to the Community Facilities District.

Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

Lien

“Lien” means the aggregate principal amount of all overlapping debt and bonds (including the Bonds) outstanding that are secured by a special tax levied pursuant to the Law or a special assessment levied on property within the Improvement Area, including any overlapping debt or bonds for community facilities districts or special assessment districts that is reasonably allocated to property within the Improvement Area.

Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract between the Community Facilities District and the Authority providing for the sale of the 2020 Bonds.

Mayor

“Mayor” means the Mayor of the City.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Debt Service in any Bond Year during the period from the date of such calculation through the final maturity date of any Outstanding Bonds.

Maximum Facilities Special Tax

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C of the Rate and Method, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property (each as defined in the Rate and Method).

Minimum Sinking Fund Account Payments

“Minimum Sinking Fund Account Payments” means the payments required hereunder and under all Supplemental Indentures to be deposited in the Sinking Fund Subaccount for the payment of the Term Bonds.

Moody’s

“Moody’s” means Moody’s Investors Service Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel (including, without limitation, the City Attorney of the City) retained by the Community Facilities District.

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except:

- (a) Bonds delivered to the Trustee for cancellation and destruction pursuant to Section 10.07;
- (b) Bonds paid or deemed to have been paid pursuant to Section 9.01;
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Community Facilities District and authenticated and delivered by the Trustee pursuant to Section 2.10; and
- (d) Bonds paid in accordance with the second to last paragraph Section 2.10.

Permitted Investments

“Permitted Investments” means any of the following investments, as authorized by applicable law at the time of making such investment, namely:

- (1) Federal Securities;

(2) Participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) and senior debt obligations of the Federal Home Loan Mortgage Corporation; consolidated system-wide bonds and notes of the Farm Credit System; senior debt obligations and mortgage-backed securities (excluding stripped mortgage-backed securities which are purchased at prices exceeding their principal amounts) of the Federal National Mortgage Association; senior debt obligations (excluding securities that have no fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) of the Student Loan Marketing Association; debt obligations of the Resolution Funding Corp.; and REFCORP STRIPS (stripped by the Federal Reserve Bank of New York) (collectively, the "Agency Obligations");

(3) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose long-term unsecured general obligation debt is rated "A3" or better by Moody's and "A-" or better by Standard & Poor's or any obligation fully and unconditionally guaranteed by any state or subdivision or agency thereof whose long-term, unsecured general obligation debt is rated "A3" or better by Moody's and "A-" or better by Standard & Poor's;

(4) Commercial paper (that matures in not more than three hundred sixty-five (365) days) rated "Prime-1" or better by Moody's and "A-1" or better by Standard & Poor's;

(5) Deposits, Federal funds or bankers acceptances (that mature in not more than three hundred sixty-five (365) days) of any domestic bank (including a branch office of a foreign bank which branch office is located in the United States of America, if the Trustee shall have received a legal opinion or opinions to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank), which:

(a) has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's and "A-1" or "A-" or better by Standard & Poor's, or

(b) is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in paragraph (a) above;

(6) Deposits in any bank or savings and loan association which has a combined capital, surplus and undivided profits of not less than ten million dollars (\$10,000,000); provided, that if such deposits are fully insured by the Federal Deposit Insurance Corporation, the Banking Insurance Fund or the Savings Association Insurance Fund, or are fully collateralized by Federal Securities;

(7) Investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's, including any such fund managed, advised or sponsored by the Trustee or any of its affiliates but excluding any such fund with a floating net asset value;

(8) Repurchase agreements with a term of six (6) months or less with any institution having long-term, unsecured debt rated at least "AA" or commercial paper rated "A-1+" by Standard & Poor's;

(9) Repurchase agreements collateralized by Federal Securities (“Collateral Securities”) with any registered broker-dealer which is under the jurisdiction of the Securities Investors Protection Corporation or any commercial bank, if such broker-dealer or bank has uninsured, unsecured and unguaranteed debt rated “Prime-1” or “A3” or better by Moody’s and “A-1” or “A-” or better by Standard & Poor’s; provided, that:

(a) a master repurchase agreement or other specific written repurchase agreement governs the transaction;

(b) the Collateral Securities are held free and clear of any other lien by the Trustee or an independent third party acting solely as agent for the Trustee, so long as any such third party (A) is (1) a Federal Reserve Bank or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than twenty-five million dollars (\$25,000,000), and (B) certifies in writing to the Trustee (or delivers to the Trustee a written opinion of counsel to such third party) that such third party holds the Collateral Securities free and clear of any lien, as agent for the Trustee;

(c) a perfected first security interest under the Uniform Commercial Code is created in, or book-entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are followed with respect to, the Collateral Securities for the benefit of the Trustee;

(d) such repurchase agreement has a term of thirty (30) days or less;

(e) such repurchase agreement matures at least ten (10) days (or other appropriate liquidation period) prior to each interest payment date on the Bonds;

(f) the fair market value of the Collateral Securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least one hundred three percent (103%); and

(g) the Trustee obtains an opinion of counsel to such broker-dealer or bank (which opinion shall be addressed to the Community Facilities District) to the effect that such repurchase agreement is a legal, valid, binding and enforceable agreement of such broker-dealer or bank (and, in the case of a bank which is a branch of a foreign bank, of such foreign bank) in accordance with its terms;

(10) Shares in the California Asset Management Program (established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California) that invests exclusively in investments permitted by Section 53635 of the Government Code of the State of California, as now existing and as it may be amended from time to time; and

(11) Investments in the Local Agency Investment Fund maintained by the California State Treasurer, which such investments shall only be invested in the special portion of the Local Agency Investment Fund for bond proceeds that are not subject to arbitrage restrictions.

Priority Administrative Expenses

“Priority Administrative Expenses” means an amount equal to (a) for Fiscal Year 2021-22, \$20,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Priority Administrative Expenses on each July 1, from and including the July 1 immediately following the end of the then current Fiscal Year to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

Proceeds Fund

“Proceeds Fund” means the temporary account referred to by that name established pursuant to Section 2.13.

Rate and Method

“Rate and Method” means the rate and method of apportionment of special tax for the Improvement Area.

Rebate Fund

“Rebate Fund” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Rebate Fund established pursuant to Section 5.03.

Redemption Account

“Redemption Account” means the account within the Special Tax Fund referred to by that name established pursuant to Section 4.02.

Required Bond Reserve

“Required Bond Reserve” means, for each applicable series of Bonds, as of any date of calculation, the least of: (a) Maximum Annual Debt Service, (b) one hundred twenty-five percent (125%) of the Average Annual Debt Service or (c) ten percent (10%) of the original proceeds of such series of Bonds; provided, that the Required Bond Reserve shall be calculated on the date of issuance of each series of Bonds and shall not increase thereafter; and provided further, that such requirement (or any portion thereof) may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit equal to “AA” or higher (without regard to qualifier) assigned by Fitch or “Aa” or higher (without regard to qualifier) assigned by Moody’s or “AA” or higher (without regard to qualifier) assigned by Standard & Poor’s.

Responsible Officer of the Trustee

“Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president,

assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Indenture.

Series 2020 Bond Reserve Account

“Series 2020 Bond Reserve Account” means the account within the Bond Reserve Fund referred to by that name established pursuant to Section 2.13(a).

Services

“Services” means the public services authorized to be financed in and for the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on May 26, 2020.

Services Account

“Services Account” means the account within the Special Tax Fund referred to by that name established pursuant to Section 4.02.

Services Special Tax

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement (each as defined in the Rate and Method).

Sinking Fund Subaccount

“Sinking Fund Subaccount” means the subaccount in the Redemption Account referred to by that name established pursuant to Section 2.04.

Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Property in the Improvement Area under and pursuant to the Law at the special election held in the Improvement Area on May 26, 2020, including the Services Special Tax.

Special Tax Fund

“Special Tax Fund” means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Fund established pursuant to Section 4.01.

Standard & Poor’s

“Standard & Poor’s” means S&P Global Ratings, a business of Standard & Poor’s Financial Services LLC, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the Community Facilities District and the Trustee, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate

“Tax Certificate” means the certificate or certificates delivered upon the issuance of any series of the Bonds relating to Section 148 of the Code, or any functionally similar replacement certificate.

Taxable Property

“Taxable Property” means all property within the Improvement Area taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax.

Trust Agreement

“Trust Agreement” means that certain Trust Agreement, dated as of November 1, 2020, among the Folsom Ranch Financing Authority, the Community Facilities District and the Trustee, as Authority Trustee for the Authority Bonds.

Trustee

“Trustee” means MUFG Union Bank, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Corporate Trust Office, and its successors or assigns, or any other bank or trust company having a designated corporate trust office in California which may at any time be substituted in its place as provided in Section 6.01.

Value

“Value” means the current assessed valuation of the Taxable Property and/or the appraised value of the Taxable Property determined by an MAI appraiser.

Written Request of the Community Facilities District

“Written Request of the Community Facilities District” means an instrument in writing signed by the City Manager or the Finance Director, or by any other officer of the City duly authorized by the City Council, as legislative body of the Community Facilities District, for that purpose.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the Community Facilities District and the Holders from time to time to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Community Facilities District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorization and Purpose of Bonds.

(a) The City Council, as legislative body of the Community Facilities District, has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by the Law, and the Community Facilities District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Bonds in one or more series as from time to time shall be authorized and established by the Community Facilities District pursuant to the Law and pursuant hereto and pursuant to one or more Supplemental Indentures, which series shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated the "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds," together with such further appropriate particular designation added to or incorporated in the title of the Bonds of each series as the Community Facilities District may determine or as shall be required by the Law, and each Bond shall bear upon its face the designation so determined for the series to which it belongs. Additionally, the Bonds may contain or have endorsed thereon such descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the Community Facilities District prior to the delivery thereof. An initial series of Bonds shall be issued hereunder to be designated the "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020."

(b) The purpose for which the Bonds are to be issued is to provide funds to pay costs of the acquisition and construction of the Facilities, including the repayment of funds advanced by the City for the Community Facilities District and the repayment under any agreement of advances of funds or reimbursement for the lesser of the value or

cost of work in-kind provided by any person for the Community Facilities District, and including the payment of costs incidental to or connected with such acquisition and construction.

(c) From and after the issuance of any series of the Bonds, the findings and determinations of the City Council, as legislative body of the Community Facilities District, respecting such series of the Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of any Bonds of such series is at issue, and no bona fide purchaser of any of the Bonds of such series shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such series of the Bonds. The validity of the issuance of the Bonds of any series shall not be dependent on or affected in any way by (i) any proceedings taken by the City for the acquisition and construction of any Facilities, or (ii) any contracts made by the City or the Community Facilities District in connection therewith, or (iii) the failure to complete the acquisition and construction of any Facilities. The recital contained in the Bonds that the Bonds are issued under and pursuant to the Law and under and pursuant hereto and under and pursuant to a Supplemental Indenture shall be conclusive evidence of their validity and of the regularity of their issuance and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

Section 2.02. Additional Bonds; Subordinate Bonds. The Community Facilities District may at any time issue Additional Bonds payable from the proceeds of the Special Tax net of Priority Administrative Expenses as provided herein on a parity with all other Bonds and Additional Bonds theretofore issued or to be issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of Additional Bonds shall have been authorized pursuant to the Law and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) The purpose for which the Additional Bonds are to be issued; provided, that the proceeds of sale of such Additional Bonds shall be applied solely for the purpose of financing the acquisition and construction of the Facilities, including the repayment of funds advanced by the City for the Community Facilities District and the repayment under any agreement of advances of funds or reimbursements for the lesser of the value or cost of work in-kind provided by any person for the Community Facilities District, and including the payment of costs incidental to or connected with such acquisition, construction and payment, and payment of the Costs of Issuance, or for the refunding of Outstanding Bonds;

(ii) The principal amount and designation of the Additional Bonds and the denomination or denominations of the Additional Bonds;

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which Minimum Sinking Fund Account Payments are due, if any, for such Additional Bonds; provided, that (i) the Serial Bonds of such Additional Bonds shall be payable as to principal on September 1 of each year in which principal of such Additional Bonds falls due, and the Term Bonds of such Additional Bonds shall be subject to mandatory redemption on September 1 of each year in which Minimum Sinking Fund Account Payments for such Additional Bonds are due; (ii) the Additional Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve (12) months and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all the Additional Bonds of a series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of Serial Bonds of such Additional Bonds or Minimum Sinking Fund Account Payments for Term Bonds of such Additional Bonds, or any combination thereof, shall be established to provide for the redemption or payment of the Additional Bonds on or before their respective maturity dates;

(iv) The redemption premiums and redemption terms, if any, for such Additional Bonds;

(v) The form of the Additional Bonds;

(vi) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Redemption Account, and its use to pay interest on such Additional Bonds;

(vii) The amount to be deposited from the proceeds of sale of such Additional Bonds in the applicable Bond Reserve Account; provided, that the applicable Bond Reserve Account shall equal, at the time that such Additional Bonds become Outstanding, the Required Bond Reserve for such Additional Bonds, and an amount at least equal to the Required Bond Reserve for such Additional Bonds shall thereafter be maintained in the applicable Bond Reserve Account;

(viii) The amounts to be deposited from the proceeds of sale of such Additional Bonds in the separate accounts for each series of Additional Bonds to be established in the Acquisition and Construction Fund and in the Costs of Issuance Fund; and

(ix) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(b) The Community Facilities District shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental

Indentures required to be observed or performed by it, and no Event of Default hereunder or under any Supplemental Indenture shall have occurred and shall be then continuing; and

(c) In each year until the maturity date for the Additional Bonds, the Maximum Facilities Special Tax less Priority Administrative Expenses is estimated to equal at least one hundred ten percent (110%) of the sum of the Annual Debt Service for each year on the Bonds, including such Additional Bonds, and the Value of all Taxable Property, in aggregate, is at least three (3) times the aggregate Lien on such Taxable Property.

(d) The Community Facilities District may issue one or more series of Bonds (the "Refunding Bonds") without complying with this Section 2.02(c) if, after the issuance and delivery of such Refunding Bonds, either (i) none of the Bonds theretofore issued hereunder will be Outstanding or (ii) the Debt Service in each Bond Year that begins after the issuance of such Refunding Bonds is not increased by reason of the issuance of such Refunding Bonds.

(e) The Community Facilities District may issue bonds or other obligations payable from the proceeds of the Special Tax on a basis subordinate to the Bonds without complying with this Section 2.02(a), (b) and (c).

Section 2.03. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Law, the Additional Bonds shall be executed by the Community Facilities District and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following documents:

(a) An executed copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A Written Request of the Community Facilities District as to the delivery of the Additional Bonds;

(c) One or more Opinions of Counsel to the effect that (i) the Community Facilities District has the right and power under the Law to execute the Indenture and the Supplemental Indenture, and the Indenture and Supplemental Indenture have each been duly and lawfully executed and delivered by the Community Facilities District and are in full force and effect and are valid and binding upon the Community Facilities District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California) and no other authorization for the execution thereof is required; and (ii) the Additional Bonds are valid and binding special tax obligations of the Community Facilities District payable from the proceeds of the Special Tax net of Priority Administrative Expenses and the other funds provided herein for such payment as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy,

insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California) and the terms of the Law and of the Indenture and the Supplemental Indenture and the Additional Bonds have been duly and validly authorized, sold, executed, authenticated and delivered in accordance with the Law and with the Indenture and the Supplemental Indenture;

(d) A Certificate of an Independent Consultant containing such statements as may be reasonably necessary to show compliance with the requirements of Section 2.02(c);

(e) A Certificate of the Community Facilities District containing such statements as may be reasonably necessary to show compliance with the requirements of Section 2.02; and

(f) The proceeds of the sale of such Additional Bonds.

Section 2.04. Date and Maturity Dates of and Interest Rates on and Minimum Sinking Fund Account Payments for Bonds. The Bonds shall be issued in fully registered form and shall be numbered consecutively from one (1) upward in order of issuance. The dates, maturity dates, interest rates, and Minimum Sinking Fund Account Payments for any Additional Bonds shall be set forth in the Supplemental Indenture relating thereto. The 2020 Bonds shall be dated the date of the delivery thereof, and shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

Principal Payment Date (September 1)	Principal Amount	Interest Rate
	\$	%

Term Bonds

Minimum Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the Term Bonds of the 2020 Bonds, which payments shall become due during the years ending on the dates and in the amounts as set forth in the following

schedule (except that if any of the Term Bonds of the 2020 Bonds shall have been redeemed pursuant to Section 3.01, the amounts of the Minimum Sinking Fund Account Payments shall be reduced proportionately by the principal amount of all such Term Bonds of the 2020 Bonds so redeemed), namely:

Term Authority Bond Maturing September 1, 20[]

<u>Year Ending September 1</u>	<u>Minimum Sinking Fund Account Payment</u> \$
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* Maturity.

Term Authority Bond Maturing September 1, 20[]

<u>Year Ending September 1</u>	<u>Minimum Sinking Fund Account Payment</u> \$
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* Maturity.

All such Minimum Sinking Fund Account Payments shall be deposited in the Sinking Fund Subaccount, which subaccount is hereby established and which subaccount the Community Facilities District hereby agrees and covenants to cause to be maintained by the Trustee so long as any of the Term Bonds are Outstanding. All money in the Sinking Fund Subaccount shall be used and withdrawn by the Trustee (upon receipt of a Written Request of the Community Facilities District) at any time for the purchase of the Term Bonds at public or private sales as and when and at such prices (including brokerage and other charges) as the Community Facilities District may in its discretion determine, but not to exceed the principal amount of such Term Bonds. All money in the Sinking Fund Subaccount on September 1 of each year during the period beginning on September 1, 20[], and ending on September 1, 20[], both dates inclusive, shall be used and withdrawn by the Trustee on such September 1 for the mandatory redemption or payment of the Term Bonds of the 2020 Bonds maturing on September 1, 20[]; and all money in the Sinking Fund Subaccount on September 1 of each year during the period beginning on September 1, 20[], and ending on September 1, 20[], both dates inclusive, shall be used and withdrawn by the Trustee on such September 1 for the mandatory redemption or payment of the Term Bonds of the 2020 Bonds maturing on September 1, 20[], and the Community Facilities District hereby agrees and covenants with the Holders of the Term Bonds to call and redeem in accordance with Article III or pay the Term Bonds from the Minimum Sinking Fund Account

Payments deposited in the Sinking Fund Subaccount pursuant to this paragraph whenever on September 1 of any year there is money in the Sinking Fund Subaccount available for such purpose.

Section 2.05. Interest Payment Dates of Bonds. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable on March 1, 2021, and semiannually thereafter on September 1 and March 1 in each year until the principal sum of the Bonds has been paid. The Bonds shall bear interest from the interest payment date next preceding the date of registration thereof, unless they are registered on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event they shall bear interest from such interest payment date, or unless they are registered on a day on or before the fifteenth (15th) day of the month next preceding the first (1st) interest payment date, in which event they shall bear interest from their dated date; provided, that if at the time of registration of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

Section 2.06. Form of Bonds. The Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the form appearing in Exhibit A.

Section 2.07. Payment of Bonds. The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee, and the Community Facilities District and the Trustee shall be entitled to conclusively treat the registered owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the Community Facilities District nor the Trustee shall be affected by any notice or knowledge to the contrary. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.09 as the registered owner thereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date, such interest to be paid by check mailed by first class mail on each such interest payment date to such registered owner at his or her address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Bonds then Outstanding, payment shall be made at such Holder's option by wire transfer on each such interest payment date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and is located in the continental United States of America according to written instructions provided by such Holder to the Trustee at least fifteen (15) days before such interest payment date. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.09 as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the Corporate Trust Office of the Trustee at maturity or on redemption prior to maturity. All such payments of interest and principal and redemption premiums, if any, on any Bond shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

Notwithstanding the foregoing, a Holder of any Bond may, in lieu of surrendering the same for a new Bond, endorse on such Bond a record of partial payment of the principal of such Bond in the form set forth below (which shall be typed or printed on such Bond):

PAYMENTS ON ACCOUNT OF PRINCIPAL

Payment Date	Principal Amount Paid	Balance of Principal Amount Unpaid	Signature of Registered Holder
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Trustee shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record of the Trustee shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Registered Holder of such Bond, and the Community Facilities District and the Trustee shall be fully released and discharged from all liability to the extent of such payment regardless of whether such endorsement shall or shall not have been made upon such Bond by the Holder thereof and regardless of any error or omission in such endorsement.

Section 2.08. Execution of Bonds. The Bonds shall be signed on behalf of the Community Facilities District by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Clerk, and any Bond may be signed on behalf of the Community Facilities District by any person who, on the actual date of the execution of such Bond, shall be the proper officer of the City and member of the City Council, as legislative body of the Community Facilities District, although on the nominal date of such Bond such person shall not have been such officer of the City. In case any such officer, who shall have signed any of the Bonds, shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser by the Trustee, such Bonds may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the Community Facilities District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Only those Bonds that bear thereon a certificate of authentication executed by the Trustee shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

Section 2.09. Transfer and Exchange of Bonds. The Trustee shall keep at its Corporate Trust Office sufficient books for the transfer and exchange of the Bonds, which books shall at all times during normal business hours with reasonable prior written notice be open to inspection by the Community Facilities District or by any Holder (or his representative authorized in writing). Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon

surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Community Facilities District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same series and maturity date for the same aggregate principal amount, except that neither the Community Facilities District nor the Trustee shall be required (i) to transfer or exchange any Bonds during the fifteen-day period prior to the selection of any Bonds for redemption under Article III, or (ii) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under Article III.

Section 2.10. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the Community Facilities District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Community Facilities District and the Trustee and upon the surrender of such mutilated Bond at the Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Community Facilities District and the Trustee of such destruction, theft or loss and upon receipt of indemnity satisfactory to the Community Facilities District and the Trustee, and also upon payment of all expenses incurred by the Community Facilities District and the Trustee in the premises and receipt of each of indemnity satisfactory to them, the Community Facilities District shall execute and the Trustee shall authenticate and deliver at the Corporate Trust Office a new Bond or Bonds of the same series and maturity date for the same aggregate principal amount of like tenor and date and bearing such numbers and notations as shall be appropriate in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon shall be made by the Trustee, at the written direction of the Community Facilities District, upon receipt of like proof, indemnity and payment of expenses.

Any replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder, and the Community Facilities District and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same.

Section 2.11. Registration of the Bonds. The Bonds shall be registered in the name of the Authority and delivered to the Authority Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

Section 2.12. CUSIP Numbers. The Community Facilities District in issuing the Bonds may, but shall not be required to, use "CUSIP" numbers (if then generally in use), and, if used, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Bond, notice or elsewhere, and, provided further that any such notice may state that

no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Community Facilities District shall promptly notify the Trustee in writing of any change in “CUSIP” numbers, if any. The Community Facilities District does not expect to use “CUSIP” numbers for the 2020 Bonds.

Section 2.13. Application of Proceeds of Sale of 2020 Bonds. Upon the receipt of payment of the purchase price of the 2020 Bonds when the 2020 Bonds shall have been duly sold by the Community Facilities District, the Trustee shall deposit such proceeds of sale of the 2020 Bonds into a temporary account called the Proceeds Fund which the Trustee shall establish, maintain and hold in trust, and which shall be disbursed in full on the date of receipt (whereupon said temporary account shall be closed) in the following order:

- (a) The Trustee shall deposit in the Series 2020 Bond Reserve Account the amount of \$[_____], being a sum equal to the Required Bond Reserve, which such account is hereby created in the Bond Reserve Fund;
- (b) The Trustee shall deposit in the Acquisition and Construction Fund the amount of \$[_____];
- (c) The Trustee shall deposit in the Capitalized Interest Account the amount of \$[_____]; and
- (d) The Trustee shall deposit in the Costs of Issuance Fund the amount of \$[_____].

Section 2.14. Capitalized Interest Account. There is hereby established a fund to be known as the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Capitalized Interest Account. On each of the following dates, the Trustee shall transfer the respective amounts from the Capitalized Interest Account to the Redemption Account for the payment of interest due on the 2020 Bonds:

Date of Transfer	Amount
	\$

If at any time the Trustee is required by a Supplemental Indenture to deposit any amount of funds therein, the Trustee shall reestablish and maintain a fund to be known as the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Capitalized Interest Account. On each of the dates set forth in any table set forth in a Supplemental Indenture, the amount set forth shall be transferred from the Capitalized Interest Account to the Redemption Account for the payment of interest due on the Bonds. The Capitalized Interest Account will be closed following the last date of transfer.

Section 2.15. Acquisition and Construction Fund. There is hereby established a fund to be known as the City of Folsom Community Facilities District No. 23 (Folsom Ranch)

Improvement Area No. 1 Special Tax Bonds Acquisition and Construction Fund, to be held and administered by the Trustee. All money in the Acquisition and Construction Fund shall be used by the Trustee for payment of the costs of the acquisition and construction of the Facilities, including the repayment of funds advanced by the City for the Community Facilities District and the repayment under any agreement of advances of funds or reimbursement for the lesser of the value or cost of work in-kind provided by any person for the Community Facilities District, upon receipt of a Written Request of the Community Facilities District filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against such fund; provided, that any remaining amount therein after the completion of such purpose (as set forth in a Certificate of the Community Facilities District so determining filed with the Trustee) shall be transferred by the Trustee to the Redemption Account. The Acquisition and Construction Fund will be closed following the last date of transfer.

Section 2.16. Costs of Issuance Fund. There is hereby established a fund to be known as the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Costs of Issuance Fund, to be held and administered by the Trustee. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon receipt of a Written Request of the Community Facilities District filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against such fund; provided, that on [April __], 2021, or upon a prior determination by the Community Facilities District that all Costs of Issuance have been paid (as set forth in a Certificate of the Community Facilities District so determining filed with the Trustee), any balance of money remaining in the Costs of Issuance Fund shall be withdrawn from the Costs of Issuance Fund by the Trustee and transferred to the Acquisition and Construction Fund. The Costs of Issuance Fund will be closed following the last date of transfer.

ARTICLE III

REDEMPTION OR EXCHANGE OF BONDS

Section 3.01. Redemption Prices and Terms of Bonds. Any Supplemental Indenture may set forth the provisions for redemption of any Additional Bonds.

(a) Mandatory Sinking Fund Account Redemption of the 2020 Bonds. The 2020 Bonds maturing on September 1, 20[___], are subject to mandatory redemption by the Community Facilities District prior to their maturity date in part on September 1 in each of the years 20[___] through 20[___], both years inclusive; and the 2020 Bonds maturing on September 1, 20[___], are subject to mandatory redemption by the Community Facilities District prior to their maturity date in part on September 1 in each of the years 20[___] through 20[___], both years inclusive, in each case solely from Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount, upon mailed notice as provided herein, at a redemption price equal to one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption.

(b) Optional Redemption of the 2020 Bonds. The 2020 Bonds are subject to optional redemption by the Community Facilities District prior to their respective maturity dates as a whole or in part on any date on or after [September 1], 20[___], from funds derived by the Community Facilities District from any source other than such Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount or such prepayments of the Special Tax, upon mailed notice as provided herein, at the following redemption prices (computed upon the principal amount of the 2020 Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

[103]% if redeemed on any date on or after [September 1], 20[___] through [August 31], 20[___];

[102]% if redeemed on any date from [September 1], 20[___] through [August 31], 20[___];

[101]% if redeemed on any date from [September 1], 20[___] through [August 31], 20[___]; and

[100]% if redeemed on [September 1], 20[___] and any date thereafter.

(c) Extraordinary Redemption of the 2020 Bonds. The 2020 Bonds are subject to extraordinary redemption by the Community Facilities District prior to their respective maturity dates, as a whole or in part on any interest payment date on and after [March 1], 20[___], from funds derived by the Community Facilities District from prepayments of the Special Tax, upon mailed notice as provided herein, at the following redemption prices (computed upon the principal amount of the 2020 Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption, to wit:

[103]% if redeemed on an interest payment date on or after [March 1], 20[___] through [March 1], 20[___];

[102]% if redeemed on an interest payment date on [September 1], 20[___] or [March 1], 20[___];

[101]% if redeemed on an interest payment date on [September 1], 20[___] or [March 1], 20[___]; and

[100]% if redeemed on [September 1], 20[___] or any interest payment date thereafter.

Section 3.02. Selection of Bonds for Redemption. If less than all the Outstanding Bonds are to be redeemed as a result of prepayments of the Special Tax at any one time, the Bonds shall be redeemed pro rata by maturity. If less than all the Outstanding Bonds are to be redeemed at the option of the Community Facilities District at any one time, the Bonds of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of the Bonds

maturing prior thereto, and if less than all the Outstanding Bonds of any one maturity date are to be redeemed at any one time, the Trustee shall select the Bonds or the portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) in a manner that it deems appropriate and fair.

Section 3.03. Notice of Redemption of Bonds. At the Written Request of and at the sole cost and expense of the Community Facilities District, received by the Trustee at least ten (10) days in advance of so sending, such Written Request to contain the information to be contained in the notice of redemption to be sent to Holders, as set forth below, the Trustee shall mail at least twenty (20) and not more than sixty (60) days prior to the date fixed for redemption, notice of redemption pursuant to Section 10.14 to the respective Holders of all Bonds selected for redemption in whole or in part and to all securities depositories and securities information services selected by the Community Facilities District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the Community Facilities District in its sole discretion, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or the validity of such proceedings for redemption; provided, that no notice of redemption need be given to the Authority for any Bonds for which the Authority is the Holder. Such notice shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Bonds be then surrendered for redemption at the address of the Trustee so designated. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same series and maturity date equal in aggregate principal amount to such unredeemed portion.

In the event of an optional redemption of Bonds, the Trustee shall mail a notice of redemption, in the same manner as aforesaid, only after receipt of a Written Request of the Community Facilities District at least 10 days prior to the date on which the Trustee must send notice to the Holders of the Bonds; provided, however, if sufficient monies for the payment of the redemption price of all Bonds to be redeemed are not then on deposit with the Trustee, such notice shall state that such redemption shall be conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

Any notice of optional redemption may be rescinded by written notice given by the Authority to the Trustee no later than three (3) Business Days prior to the date specified for redemption. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given pursuant to this Section.

Section 3.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Community Facilities District shall execute and the Trustee shall

authenticate and deliver to the registered owner thereof at the expense of the Community Facilities District a new Bond or Bonds of the same series and maturity date equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 3.05. Effect of Redemption of Bonds. If notice of redemption has been duly given and not rescinded as aforesaid and money sufficient for the payment of the principal of and redemption premiums, if any, on, together with interest to the redemption date on, the Bonds or portions thereof so called for redemption has been irrevocably deposited with the Trustee, then on the redemption date designated in such notice such Bonds or such portions thereof shall become irrevocably due and payable, and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the principal of such Bonds or such portions thereof and the redemption premiums, if any, thereon and the interest accrued thereon to the redemption date; provided, that redemption of Bonds other than from Minimum Sinking Fund Account Payments shall be made only from and to the extent of funds on deposit with the Trustee and available for such purpose on the date of redemption.

ARTICLE IV

SPECIAL TAX

Section 4.01. Deposit of Proceeds of the Special Tax in the Community Facilities Fund and Transfer to the Special Tax Fund. The Community Facilities District agrees and covenants that it will deposit the Special Tax proceeds in the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Community Facilities Fund, which fund is hereby established in the treasury of the City, for and on behalf of the Community Facilities District, and which fund the Community Facilities District hereby agrees and covenants to maintain so long as any Bonds are Outstanding hereunder. All money in the Community Facilities Fund shall be used and withdrawn by the Community Facilities District solely for the benefit of the Community Facilities District in accordance with the Law, including payment of Expenses. The Community Facilities District agrees and covenants that, after payment of its Priority Administrative Expenses, it will transfer to the Trustee from the Community Facilities Fund amounts sufficient and in sufficient time for the Trustee to make the transfers required by Section 4.02 (less any amounts to be transferred pursuant to Section 2.14), and the Trustee shall deposit such proceeds as and when received in the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Fund, which fund the Trustee shall establish and maintain so long as Bonds remain Outstanding hereunder, and all money in such fund shall be held by the Trustee in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this Article.

Section 4.02. Allocation of Money in the Special Tax Fund. All money in the Special Tax Fund shall be set aside by the Trustee in the following respective special accounts and fund within the Special Tax Fund (each of which accounts and fund is hereby created) in the following order of priority, and all money in each of such accounts and fund shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section, namely:

- (1) Redemption Account;