

ATTACHMENT C

FISCAL AGENT AGREEMENT

FISCAL AGENT AGREEMENT

By and Between

CITY OF NEWPORT BEACH

and

**U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent**

Relating to

\$2,412,000

**CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 111
LIMITED OBLIGATION IMPROVEMENT BONDS
2020 SERIES A**

Dated as of June 1, 2020

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS

Section 101.	Definitions	1
Section 102.	Interpretation.....	6
Section 103.	Equality of Bonds; Pledge of Assessments; No Obligation to Cure Deficiency	6

ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS

Section 201.	Assessments	7
Section 202.	Type and Nature of Bonds; Limited Liability.....	7
Section 203.	Authorization and Purpose of Bonds	7

ARTICLE III TERMS AND PROVISIONS OF BONDS

Section 301.	Terms of Bonds.....	8
Section 302.	Execution and Authentication.....	9
Section 303.	Registration, Exchange or Transfer	9
Section 304.	Bond Register	9
Section 305.	Mutilated, Lost, Destroyed or Stolen Bonds.....	10
Section 306.	Form of Bonds; Temporary Bonds	10

ARTICLE IV REDEMPTION OF BONDS

Section 401.	Provisions for the Redemption of 2020A Bonds	11
Section 402.	Selection of Bonds for Redemption.....	12
Section 403.	Notice of Redemption.....	13
Section 404.	Partial Redemption of Bonds.....	13
Section 405.	Effect of Notice and Availability of Redemption Money.....	13

ARTICLE V CREATION OF FUNDS AND ACCOUNTS; APPLICATION OF PROCEEDS AND ASSESSMENTS

Section 501.	Funds and Accounts.....	14
Section 502.	Costs of Issuance Fund	14
Section 503.	Assessment Fund	15
Section 504.	Redemption Fund.....	15
Section 505.	Reserve Fund	16
Section 506.	Rebate Fund	17
Section 507.	Improvement Fund.....	20
Section 508.	Investments	20

ARTICLE VI
ISSUANCE OF 2020A BONDS

Section 601.	Authorization and Designation of 2020A Bonds.....	22
Section 602.	Denominations of 2020A Bonds.....	22
Section 603.	Interest Payment Date of 2020A Bonds.....	22
Section 604.	Form of 2020A Bonds	22
Section 605.	Application of Proceeds of the Sale of 2020A Bonds and of the Prepaid Amounts.....	29

ARTICLE VII
COVENANTS AND WARRANTY

Section 701.	Warranty	29
Section 702.	Covenants.....	29

ARTICLE VIII
AMENDMENTS TO AGREEMENT

Section 801.	Amendments Not Requiring Bondowner Consent	31
Section 802.	Amendments Requiring Bondowner Consent	32
Section 803.	Notation of Bonds; Delivery of Amended Bonds.....	33

ARTICLE IX
FISCAL AGENT

Section 901.	Fiscal Agent	33
Section 902.	Removal of Fiscal Agent	34
Section 903.	Resignation of Fiscal Agent.....	34
Section 904.	Liability of Fiscal Agent.....	34
Section 905.	Interested Transactions	37
Section 906.	Agents	37

ARTICLE X
EVENTS OF DEFAULT; REMEDIES

Section 1001.	Event of Default.....	37
Section 1002.	Remedies of Owners.....	37

ARTICLE XI
DEFEASANCE

Section 1101.	Defeasance	38
---------------	------------------	----

ARTICLE XII
MISCELLANEOUS

Section 1201.	Cancellation of Bonds.....	39
Section 1202.	Execution of Documents and Proof of Ownership	39
Section 1203.	Unclaimed Moneys	40
Section 1204.	Provisions Constitute Contract; Successors.....	40
Section 1205.	Further Assurances; Incontestability.....	40
Section 1206.	Severability	41

Section 1207.	General Authorization.....	41
Section 1208.	Liberal Construction	41
Section 1209.	Notice.....	41
Section 1210.	Action on Next Business Day	41
Signatures	S-1
EXHIBIT A	Form of Written Delivery Requisition – [Costs of Issuing Bonds] [Improvement Fund]	A-1
EXHIBIT B	Form of Investor Letter.....	B-1

FISCAL AGENT AGREEMENT

This Fiscal Agent Agreement, dated as of June 1, 2020 (the “Agreement”), is made and entered into by the City of Newport Beach (the “City”), a charter city, duly established and existing under the laws of the State of California (the “State”), and U.S. Bank National Association (the “Fiscal Agent”) in connection with Assessment District No. 111 (the “Assessment District”).

WITNESSETH:

WHEREAS, the City Council of the City of Newport Beach (the “City Council”) has taken proceedings under the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code (the “1913 Act”), for the formation of Assessment District No. 111 and has confirmed an assessment, which assessment and a related diagram were recorded with the Superintendent of Streets, and a notice of assessment, as prescribed in Section 3114 of the Code, has been recorded with the County Recorder of the County of Orange, whereupon the assessment attached as a lien upon the property assessed within the Assessment District as provided in Section 3115 of the Code; and

WHEREAS, it is necessary and desirable that the City sell bonds (the “2020A Bonds”) pursuant to the Improvement Bond Act of 1915, Division 10 of the California Streets and Highways Code (the “1915 Act”), to be issued to represent the unpaid assessments;

In consideration of the mutual covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

“Administrative Expense Fund” means the City of Newport Beach Assessment District No. 111 Administrative Expense Fund established with the Treasurer.

“Administrative Expense Requirement” means an amount, not in excess of the aggregate maximum annual assessment for Administrative Expenses permitted to be levied within the Assessment District as set forth in the Engineer’s Report, to be specified each year by the Treasurer to be used for Administrative Expenses.

“Administrative Expenses” means the ordinary and necessary fees and expenses for determination of the Assessment and administering the levy and collection of the Assessment and servicing, calling and redeeming the Bonds, including any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties hereunder (including, but not limited to, annual audits and costs incurred in the levying and collection of the Assessment) including the fees and expenses of its counsel and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder and, in the case of the City, in any way related to the administration of the Assessment District.

“Agreement” means this Fiscal Agent Agreement, as amended or supplemented pursuant to the terms hereof.

“Annual Debt Service” means all principal of, including mandatory sinking fund payments, and interest on the Bonds due in a Bond Year.

“Assessment” or “Assessments” means the special assessments levied in the Assessment District in accordance with the 1913 Act and the Resolution of Formation, exclusive of any assessments levied to pay Administrative Expenses, together with the net proceeds derived from any foreclosure proceedings and interest and penalties thereon.

“Assessment District” means City of Newport Beach Assessment District No. 111.

“Assessment Fund” means the City of Newport Beach Assessment District No. 111 Assessment Fund established and held by the City pursuant to Section 501 hereof.

“Assessment Installment” means the annual portion of the Assessment levied to pay the principal of, including mandatory sinking fund payments, and interest on the Bonds which does not include assessments levied by the City to pay Administrative Expenses.

“Authorized Investments” means, subject to applicable law, (1) Federal Securities; (2) an Investment Agreement, acceptable to, and approved in writing by, the Treasurer; (3) taxable government money market funds rated in one of the two highest rating categories by S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, restricted to obligations with average maturities of one year or less, insured or fully guaranteed as to the principal and interest thereon by the full faith and credit of the United States of America or by repurchase agreements collateralized by such obligations including money market funds for which the Fiscal Agent and affiliates provide investment advisory or other management services; (4) tax-exempt obligations, including tax exempt money market funds, rated at least “A” or higher by S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and Moody’s Investors Service; (5) commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody’s Investors Service and S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an “A” or higher rating for such corporation’s debt, other than commercial paper, as provided for by Moody’s Investors Service and S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and which may not exceed 180 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation; (6) notes, bonds or other obligations which are at all times secured by a perfected first security interest in securities of the types listed by Section 53651 of the California Government Code as eligible securities for the purpose of securing local agency deposits or which are listed as an Authorized Investment under any of the clauses (1) through (5) of this definition (except those described in this clause (6)) and which have a market value, determined at least weekly, at least equal to 102% of the amount of principal and accrued interest on such obligation, which shall be placed by delivery into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation and which bank shall be responsible for making any market value determinations, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted; (7) The State of California Local Agency Investment Fund; (8) time or demand deposits (including those of the Fiscal Agent or its affiliates) fully insured by the Federal

Deposit Insurance Corporation or with institutions rated in one of the two highest rating categories by Moody's Investors Service or S&P Global Ratings, a Standard & Poor's Financial Services LLC business; (9) repurchase agreements secured by Federal Securities; (10) the County of Orange Pooled Investment Fund; and (11) any other investment in which funds of the City may be legally invested.

"Authorized Representative of the City" means the members of the City Council, the City Manager, the Finance Director or any other person or persons designated by the City Council of the City and authorized to act on behalf of the City by a written certificate signed on behalf of the City by any member of the City Council and containing the specimen signature of each such person.

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

"Bond Register" means the books which the Fiscal Agent shall keep or cause to be kept pursuant to Section 304, on which the registration and transfer of the Bonds shall be recorded.

"Bond Year" means the one year period or shorter period ending each year on September 2, or such other date as may be specified by the City.

"Bondowner" or "Owner" means the person or persons in whose name or names any Bond is registered as shown on the Bond Register.

"Bonds" means the 2020A Bonds.

"Business Day" means any day of the year in New York, New York or Los Angeles, California other than a Saturday, Sunday, a day on which the New York Stock Exchange is closed or any day on which the Fiscal Agent is not open for business.

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

"City" means City of Newport Beach, a charter city organized under its charter and the laws of the State of California.

"City Clerk" means the City Clerk of the City and his or her designee.

"City Council" means the City Council of the City of Newport Beach.

"Closing Date" means the date of delivery of each series of Bonds by the City and payment therefor by the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Orange.

"Costs of Issuance Fund" means the City of Newport Beach Assessment District No. 111 Costs of Issuance Fund established with the Fiscal Agent pursuant to Section 501 hereof.

“Engineer’s Report” means the report concerning the Assessment District prepared by Harris & Associates, Inc., as preliminarily approved by the City on November 10, 2015 and approved in final form by the City on January 12, 2016, and on file with the City Clerk.

“Federal Securities” means, subject to applicable law, United States Treasury notes, bonds, bills or certificates of indebtedness, including United States Treasury Obligations, State and Local Government Series (“SLGS”) or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or other federal agencies or United States Government-sponsored enterprises.

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 902 and 903 and any successor thereto.

“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 City as its Fiscal Year in accordance with applicable law.

“Improvements” means the design and undergrounding of utilities within the Assessment District, as described in the Engineer’s Report.

“Improvement Fund” means the City of Newport Beach Assessment District No. 111 Improvement Fund established pursuant to Section 501 of this Agreement.

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

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

“Interest Payment Date” means each March 2 and September 2, commencing September 2, 2020.

“Investment Agreement” means one or more agreements entered into between the Fiscal Agent, for the benefit of the City, and an entity or entities whose long term uninsured, unsecured and unguaranteed debt or claims-paying ability is rated as of the date of the Investment Agreement in either of the two highest categories (without regard to gradations of plus and minus within such categories) by S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or Moody’s Investors Service, or an agreement between the Fiscal Agent, for the benefit of the City, and an entity which is rated as of the date of the Investment Agreement in either of the two highest categories (without regard to gradations of plus and minus within such categories) by S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or Moody’s Investors Service.

“1913 Act” means the Municipal Improvement Act of 1913, being Division 12 (commencing with Section 10000) of the California Streets and Highways Code.

“1915 Act” means the Improvement Bond Act of 1915, being Division 10 (commencing with Section 8500) of the California Streets and Highways Code.

“Nonpurpose Investment” means Authorized Investments described as Nonpurpose Investments in the Tax Certificate.

“Notice of Assessment” means the Notice of Assessment recorded in the Office of the County Recorder of the County of Orange on May 11, 2016 as Document No. 2016000210857.

“Original Owner” means City National Bank.

“Outstanding Bonds” or “Outstanding” means all Bonds theretofore issued by the City, except:

(1) Bonds theretofore canceled or surrendered for cancellation in accordance with Section 1201 hereof;

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

(3) Bonds defeased pursuant to Sections 1101(b) or (c) hereof.

“Owner” means, with respect to any Bond, the person shown as the owner thereof in the Bond Register.

“Rebate Fund” means the fund by that name established pursuant to Section 501 hereof in which there are established the accounts described in Section 501 hereof.

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

“Rebate Requirement” shall have the meaning ascribed to it in the Tax Certificate.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the City of Newport Beach Assessment District No. 111 Redemption Fund established with the Fiscal Agent pursuant to Section 501 hereof.

“Reserve Fund” means the City of Newport Beach Assessment District No. 111 Reserve Fund established with the Fiscal Agent pursuant to Section 501 hereof.

“Reserve Requirement” means 120,600.00, which is 5% of the original principal amount of the 2020A Bonds.

“Resolution of Formation” means Resolution No. 2016-5, adopted by the City Council on January 12, 2016, forming the Assessment District and confirming the levy of assessments in accordance with the Engineer’s Report presented at such meeting.

“Resolution of Intention” means Resolution No. 2015-96, adopted by the City Council of the City on November 10, 2015, stating the City’s intention, among other things, to issue the Bonds.

“Resolution of Issuance” means Resolution No. _____ adopted by the City Council of the City on June 23, 2020 authorizing the issuance of the Bonds and approving the terms and provisions of this Agreement.

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

“Superintendent of Streets” means the Director of Public Works of the City, or his or her designee.

“Supplemental Fiscal Agent Agreement” or “Supplement” means any supplemental agreement amending or supplementing this Agreement.

“Tax Certificate” means the Tax Certificate delivered upon the issuance of the 2020A Bonds.

“Treasurer” means the City Treasurer or the City Manager, or his or her designee.

“2020A Bonds” means City of Newport Beach Assessment District No. 111 Limited Obligation Improvement Bonds 2020 Series A issued pursuant to the Resolution of Issuance and this Agreement.

“Yield on the Bonds” has the meaning as described in the Tax Certificate.

Section 102. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural, and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 103. Equality of Bonds; Pledge of Assessments; No Obligation to Cure Deficiency. Pursuant to the 1913 Act, the 1915 Act and this Agreement, the Bonds are equally secured by a first pledge of and shall be equally payable from the Assessments without priority for number, issue date, date of sale, date of execution or date of delivery, and the payment of the interest on and principal, including mandatory sinking fund payments, of the Bonds and any premiums upon the redemption thereof are equally secured by a first pledge of and shall be exclusively paid from the Assessments. The Bonds shall also be secured by a first pledge of moneys on deposit in the Assessment Fund, Redemption Fund and the Reserve Fund which are hereby set aside for the payment of the Bonds. The Assessments, the amounts in the foregoing funds and any interest earned on such amounts shall

constitute a trust fund held for the benefit of the Owners of the Bonds to be applied to the payment of the interest on, premium, if any, and principal of, including mandatory sinking fund payments, the Bonds. So long as any of the Bonds remain Outstanding, such amounts shall not be used for any other purpose, except as permitted by the 1913 Act, the 1915 Act, this Agreement or any Supplemental Fiscal Agent Agreement.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Assessments. The Assessments remaining unpaid, and the aggregate principal amount thereof, have been determined by the Treasurer and the Treasurer has filed a list of said Assessments in the office of the Superintendent of Streets. For a particular description of the lots or parcels of land bearing the respective assessment numbers set forth in said unpaid list and upon which Assessments remain unpaid, reference is hereby made to the Notice of Assessment and to the diagram recorded in the office of the Superintendent of Streets after confirmation of the Assessments by the City Council through the adoption of the Resolution of Formation, the several lots or parcels of land represented by said assessment numbers being so numbered and designated upon the diagram and Assessments as so confirmed and recorded.

Collection of the remaining Assessments shall cease in the event sufficient moneys are available to redeem the Bonds as provided in Section 505.

Section 202. Type and Nature of Bonds; Limited Liability. Notwithstanding anything contained herein, in the Bonds, in the 1915 Act, any other provision of law, or in any of the resolutions adopted in connection with the proceedings for the Assessment District to the contrary, all Bonds authorized pursuant to this Agreement shall be a special obligation of the City, and the City shall not under any circumstances (including, without limitation, after any installment of principal or interest of any Assessment levied on any lot or parcel in the Assessment District becomes delinquent or after the City acquires title to any such lot or parcel whether through foreclosure or otherwise) be obligated to pay principal, premium, if any, or interest on the Bonds from any source whatsoever other than the Redemption Fund (including any transfers thereto from the Improvement Fund, the Assessment Fund and Reserve Fund). Neither the City, the City Council, the officers or employees of the City, any person or entity acting for or on behalf of the City in connection with the issuance of the Bonds or in connection with the formation or operation of the Assessment District, nor any persons executing the Bonds, shall be liable personally on the Bonds or be subject to any personal liability for the Bonds or any personal liability or accountability whatsoever by reason of or in connection with the issuance of the Bonds or by reason of any act or acts or the failure or omission to take any act or acts (including, without limitation, a negligent act or omission) in connection with or related to the formation or operation of the Assessment District.

Section 203. Authorization and Purpose of Bonds. The Bonds shall be designated “City of Newport Beach Assessment District No. 111 Limited Obligation Improvement Bonds 2020 Series A” and shall be issued by the City under and pursuant to the 1915 Act and under and pursuant hereto in the aggregate principal amount equal to a portion of the aggregate amount of the unpaid Assessments determined by the Treasurer pursuant to Section 201. The designation of the Bonds shall include, in addition to the name “City of Newport Beach Assessment District No. 111 Limited Obligation Improvement Bonds 2020 Series A,” such further appropriate particular designation added to or incorporated in the title for the Bonds as the City may determine or as shall be required by the 1915

Act; and each Bond shall bear upon its face the designation so determined. The Bonds may contain or have endorsed thereon such other 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 City prior to the delivery thereof.

The primary purpose for which the Bonds are to be issued is to provide funds to pay the cost of the Improvements heretofore ordered by the City Council.

ARTICLE III

TERMS AND PROVISIONS OF BONDS

Section 301. Terms of Bonds.

(a) The interest on and principal of, including mandatory sinking fund payments, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the office of the Fiscal Agent designated by the Fiscal Agent. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(b) All Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each maturity date, and the ownership of each Bond shall be registered in the Bond Register in the name of the Original Owner, or any assignee thereof or successor thereto. The Bonds shall not be initially registered in book-entry form.

(c) Each Bond shall bear interest from the Interest Payment Date next preceding its date of authentication, unless (i) its date of authentication is after a Record Date and on or before the immediately succeeding Interest Payment Date, in which event the Bond shall bear interest from such Interest Payment Date or (ii) its date of authentication is before the close of business on the first Record Date, in which event the Bond shall bear interest from its dated date; provided, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

Payment of interest on and principal of the Bonds due on or before the maturity or prior redemption thereof shall be made directly by wire transfer to the then Owner of the Bonds pursuant to instructions to be provided from time to time by the then Owner to the Fiscal Agent.

(d) The Bonds shall recite, in substance, that the interest on and principal of, including mandatory sinking fund payments, and redemption premiums, if any, on the Bonds are payable solely from the levy of the Assessments, that the Bonds are limited obligations of the City and that the City will not obligate itself to advance available funds from its treasury to cure any deficiency in the Redemption Fund.

(e) From and after the issuance of the Bonds, the findings and determinations of the City Council 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 such Bonds is at issue; and no bona fide purchaser of any of such Bonds shall be required to independently establish the existence of any fact or the performance of any condition or the taking of any proceeding required prior to such issuance or the

application of the purchase price paid for such Bonds. The recital contained in the Bonds that the Bonds are issued under and pursuant to the 1915 Act and under and pursuant hereto 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. 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 302. Execution and Authentication. The Bonds shall be signed on behalf of the City by the manual or facsimile signature of the Treasurer of the City and by the manual or facsimile signature of the City Clerk in their capacity as officers of the City, and the seal of the City (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds shall nevertheless be valid and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

Only such Bonds as shall bear thereon such certificate of authentication in the form set forth in Section 604 hereof shall be entitled to any right or benefit under this Agreement, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been manually executed by the Fiscal Agent.

Section 303. Registration, Exchange or Transfer. The registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the aforesaid office of the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Owner or his or her duly authorized attorney. Notwithstanding the foregoing, an Owner of 2020A Bonds may only transfer the 2020A Bonds to a new Owner if the 2020A Bonds are transferred in whole and the new Owner has delivered an Investor Letter (in the form attached as Exhibit B hereto) to the City and the Fiscal Agent.

Bonds may be exchanged at the aforesaid office of the Fiscal Agent for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Fiscal Agent will not charge the Owner for any new Bond issued upon any exchange or transfer, but shall require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. The cost of printing any Bonds and any services rendered or any expenses incurred by the Fiscal Agent in connection with any exchange or transfer shall be paid by the City as Administrative Expenses. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond or Bonds of the same maturity for a like aggregate principal amount; provided, that the Fiscal Agent shall not be required to register transfers or make exchanges of Bonds (a) 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, or (b) with respect to a Bond after such Bond has been selected for redemption.

Section 304. Bond Register. The Fiscal Agent will keep or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times during regular business hours upon reasonable prior notice be open to inspection by the City; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may

prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds as herein provided.

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

Section 305. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor, date, maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be handled in accordance with Section 1201 of this Agreement. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent; and, if such evidence is satisfactory to the Fiscal Agent and, if indemnity satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Bondowner, shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and maturity, numbered and dated as such Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding Bonds for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond to replace a Bond which has been mutilated, lost, destroyed or stolen, and which has matured or is about to mature, the Fiscal Agent may make payment with respect to such Bond upon receipt of indemnity satisfactory to it and the City.

Section 306. Form of Bonds; Temporary Bonds. At the option of the City, the definitive Bonds may be typewritten, and the Bonds and the certificate of authentication shall be substantially in the form provided in Section 604.

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

ARTICLE IV

REDEMPTION OF BONDS

Section 401. Provisions for the Redemption of 2020A Bonds.

(a) Mandatory Redemption from Assessment Prepayments. Whenever, as of an Interest Payment Date, there are sufficient funds in the Prepayment Account of the Redemption Fund from the proceeds of prepayments of Assessments, the 2020A Bonds shall be called for redemption as provided in Part 11.1 of the 1915 Act. Each 2020A Bond, or any portion thereof, in the principal amount of \$1,000 or any integral multiple thereof, may be redeemed and paid in advance of maturity on any Interest Payment Date, by giving notice to the Owner thereof as provided in Section 403 below and by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment.

(b) Optional Redemption of 2020A Bonds from Other Funds, Excluding Assessment Prepayments. The 2020A Bonds are subject to redemption prior to their stated maturity dates on any Interest Payment Date on and after September 2, 2027 from such maturities as selected by the City, from any source of funds other than prepayment of Assessments, including, but not limited to, surplus monies on deposit in the Improvement Fund, at a redemption price equal to the principal amount thereof, together with accrued interest thereon to such date, without premium.

(c) Mandatory Sinking Fund Redemption. The 2020A Bonds shall be called before maturity and redeemed, from mandatory sinking fund payments that have been deposited into the Redemption Fund, on September 2, 2021, and on each September 2 thereafter prior to maturity and at maturity, in accordance with the schedule of payments set forth below. The 2020A Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 2, 2040

<i>Redemption Date (September 2)</i>	<i>Principal Amount</i>
2021	\$ 95,000
2022	98,000
2023	100,000
2024	103,000
2025	105,000
2026	108,000
2027	110,000
2028	113,000
2029	115,000
2030	118,000
2031	121,000
2032	124,000
2033	127,000
2034	130,000
2035	133,000
2036	136,000
2037	139,000
2038	142,000
2039	146,000
2040 (maturity)	149,000

In the event of a partial optional redemption or mandatory redemption of the 2020A Bonds, each of the remaining mandatory sinking fund payments for such 2020A Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis as directed by the City.

Section 402. Selection of Bonds for Redemption. If less than all of the Outstanding Bonds are to be redeemed, the City shall designate the principal amount of Bonds of each maturity to be redeemed as provided for in Section 8768 of the 1915 Act such that the ratio of Outstanding Bonds to issued Bonds shall be approximately the same in each maturity of the Bonds insofar as possible, and the Fiscal Agent shall select the particular Bonds to be redeemed from each maturity in said designated amount by lot in such manner as the Fiscal Agent may choose. The Fiscal Agent shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption.

In lieu, or partially in lieu, of such call and redemption, moneys deposited in the Redemption Fund may be used to purchase Outstanding Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the City prior to the selection of Bonds for redemption by the Fiscal Agent, at public or private sale as and when and at such prices as the City may in its discretion determine, but only at prices (including brokerage or other expenses) of not more than par, plus the premium, if any, which would be payable with respect to such Bonds upon the redemption thereof, plus accrued interest, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Interest Account of the Redemption Fund for payment of interest on the next following Interest Payment Date. The Fiscal Agent shall disburse moneys in the Redemption Fund for such purpose upon written direction of the City.

Section 403. Notice of Redemption. When Bonds are to be called for redemption under Section 401(a) or (b) and the Fiscal Agent has received the required notice from the City, the Fiscal Agent shall give notice, in the name of the City, of the redemption of such Bonds. Such notice of redemption shall (a) specify the serial numbers and the maturity date or dates of the Bonds selected for redemption, except that where all the Bonds subject to redemption, or all the Bonds of one maturity, are to be redeemed, the serial numbers thereof need not be specified; (b) state the date fixed for redemption and for surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be surrendered for redemption; and (e) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least thirty (30) days but no more than sixty (60) days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by registered or certified mail, postage prepaid, to the respective Owners of Bonds selected for redemption at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption shall not be a condition precedent thereto, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties.

A notice of redemption for a redemption pursuant to Section 401(b) above may be conditioned upon receipt by the City of sufficient funds to effect the redemption. If sufficient funds are not on deposit with the Fiscal Agent at least one day prior to the redemption date, the redemption shall not occur and the Bonds shall remain Outstanding hereunder. If any redemption is cancelled due to a lack of sufficient funds, the Fiscal Agent shall mail a notice to the Owners stating that such redemption was cancelled and did not occur.

Section 404. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the same interest rate and the same maturity. Notwithstanding any provision of this Agreement to the contrary, so long as any Outstanding Bonds are registered in the name of a single Owner and not book-entry, the Owner of such Bonds need not surrender the Bonds for exchange upon a partial redemption. In that case, the Fiscal Agent shall make an appropriate notation in the Bond Register indicating the date and amounts of the reduction in principal, in form acceptable to the Fiscal Agent.

Section 405. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 403, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

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

(b) upon presentation and surrender thereof at the corporate trust office of the Fiscal Agent, the redemption price of such Bonds shall be paid to the Owner thereof;

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

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

ARTICLE V

CREATION OF FUNDS AND ACCOUNTS; APPLICATION OF PROCEEDS AND ASSESSMENTS

Section 501. Funds and Accounts. There are hereby created and established the following funds and accounts, which funds and accounts the City agrees and covenants to maintain with the Fiscal Agent so long as any Bonds are Outstanding hereunder:

(a) the City of Newport Beach Assessment District No. 111 Costs of Issuance Fund (the “Costs of Issuance Fund”);

(b) the City of Newport Beach Assessment District No. 111 Redemption Fund (the “Redemption Fund”), in which there shall be established and created a Principal Account, an Interest Account and a Prepayment Account;

(c) the City of Newport Beach Assessment District No. 111 Reserve Fund (the “Reserve Fund”); and

(d) the City of Newport Beach Assessment District No. 111 Improvement Fund (the “Improvement Fund”).

The City covenants and agrees to establish with the Treasurer the City of Newport Beach Assessment District No. 111 Administrative Expense Fund (the “Administrative Expense Fund”) and the City of Newport Beach Assessment District No. 111 Assessment Fund (the “Assessment Fund”).

Except for the Administrative Expense Fund, all moneys in the funds and accounts established hereunder shall be held by the Fiscal Agent and the Treasurer for the benefit of the Bondowners (other than the Improvement Fund), shall be accounted for separately and apart from all other accounts, funds, money or other resources of the City held by the Fiscal Agent and shall be allocated, applied and disbursed solely to the uses and purposes hereinafter set forth in this Article.

The Fiscal Agent may establish such additional funds, accounts or subaccounts of the funds or accounts listed above as it deems necessary or prudent to further its duties pursuant to this Agreement or any Supplemental Fiscal Agent Agreement and shall establish any additional funds, accounts or subaccounts which the City directs it to establish.

Section 502. Costs of Issuance Fund. The Fiscal Agent shall deposit into the Costs of Issuance Fund the amounts specified in Section 605. The Fiscal Agent shall pay the costs of issuing the Bonds from the Costs of Issuance Fund as set forth in written requisitions submitted by an Authorized Representative of the City from time to time which requests shall be substantially in the

form set forth in Exhibit A hereto. Amounts on deposit in the Costs of Issuance Fund after the completion of the Improvements and the payment of all claims with respect thereto shall be used as determined by the City in the manner provided in Section 10427 of the 1913 Act. At the direction of an Authorized Representative of the City, the Fiscal Agent shall transfer any remaining balance in the Costs of Issuance Fund for deposit in the Improvement Fund and the Costs of Issuance Fund shall be closed.

Section 503. Assessment Fund. Upon receipt of Assessment Installments, the Treasurer shall immediately deposit the Assessment Installments into the Assessment Fund. On or prior to the first day of March and September of each year commencing September 1, 2020, the City shall transfer to the Fiscal Agent for deposit to the Redemption Fund the amounts set forth in the following clauses, in the following order of priority:

(a) the Interest Account of the Redemption Fund, an amount sufficient to make the payment of interest due on the next succeeding Interest Payment Date for the Bonds;

(b) the Principal Account of the Redemption Fund, the amount needed to make the payment of principal, including mandatory sinking fund payments, due on the following September 2 on the Outstanding Bonds;

(c) the Reserve Fund, the amount needed to restore the Reserve Fund to the Reserve Requirement; and

(d) the Rebate Fund, the amount, if any, as specified in a written direction of the City.

At the election of the City, some or all of the moneys remaining in the Assessment Fund after the deposits described above shall be transferred by the Treasurer to the Prepayment Account of the Redemption Fund to redeem Bonds as provided in Section 504. To the extent that the amounts in the Assessment Fund are insufficient to redeem Bonds in an authorized denomination, such moneys shall be used for the payment of interest or principal, including mandatory sinking fund payments, on the next Interest Payment Date. The City shall apply such amounts, as a credit against each of the unpaid Assessments in amounts equal to each parcel's share or portion thereof, of the total amount of Assessment.

Upon provision for payment or redemption of all Bonds and after payment of any amounts due to the Fiscal Agent, all moneys remaining in the Assessment Fund shall be paid to the City.

Section 504. Redemption Fund. The principal of, including mandatory sinking fund payments, and interest on the Bonds until maturity shall be paid by the Fiscal Agent from the Redemption Fund. At the maturity of the Bonds, and after all principal, including mandatory sinking fund payments, and interest then due on any Outstanding Bonds has been paid or provided for, moneys in the Redemption Fund shall be transferred to the Assessment Fund.

(a) On or prior to the first day of March or September of each year, commencing September 1, 2020, the Fiscal Agent shall transfer from the Redemption Fund to the Interest Account of the Redemption Fund an amount such that the balance in the Interest Account one day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same becomes due.

(b) On or prior to the first day of September of each year, commencing September 1, 2021, the Fiscal Agent shall transfer from the Redemption Fund to the Principal Account of the Redemption Fund an amount up to the principal payment, including mandatory sinking fund payments, due on the Bonds on the following September 2. Moneys in the Principal Account shall be used to pay the principal, including mandatory sinking fund payments, of the Bonds as the same become due at maturity or as a result of mandatory sinking fund redemption.

(c) Any amounts remaining in the Redemption Fund, other than in the Prepayment Account, on September 15 of each year, after all principal, including mandatory sinking fund payments, if any, and interest payments due on the prior September 2 have been paid, shall remain in the Redemption Fund unless the Fiscal Agent receives a Certificate of the City requesting that such amounts be remitted to the City for deposit into the Assessment Fund.

(d) Moneys set aside in the Prepayment Account of the Redemption Fund shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of principal of, including mandatory sinking fund payments, and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds.

Upon receiving any prepayment of an Assessment, the City shall transfer all or a portion of such prepayment to the Fiscal Agent for deposit in the Prepayment Account, which when coupled with the moneys transferred from the Reserve Fund pursuant to Section 505 to the Prepayment Account, shall be used to redeem Bonds pursuant to Section 401(a) or any Supplemental Fiscal Agent Agreement on the next Interest Payment Date for which proper notice pursuant to Section 403 or applicable provision of a Supplemental Fiscal Agent Agreement can be given by the Fiscal Agent. Upon receipt of written instructions from the City, the Fiscal Agent shall transfer that portion, if any, of the prepayment representing accrued interest owing on the Bonds to the Interest Account of the Redemption Fund and that portion representing principal, including mandatory sinking fund payments, if any, and premium due on the Bonds on the next principal payment date to the Principal Account of the Redemption Fund. If less than all of the amounts in the Prepayment Account, together with the money transferred from the Reserve Fund, can be used to redeem Bonds in increments of \$1,000, the remaining portion is to be retained in the Prepayment Account and, when at the written direction of an Authorized Representative of the City there is sufficient money to redeem Bonds, shall be used to redeem Bonds as herein provided or as provided in a Supplemental Fiscal Agent Agreement. Money received from the City from funds other than the prepayment of Assessments, including any surplus amount in the Improvement Fund transferred to the Fiscal Agent in accordance with Section 10427(d) of the 1913 Act, shall be deposited in the Prepayment Account and used to redeem Bonds as provided in Section 401(b) hereof or pursuant to the terms of a Supplemental Fiscal Agent Agreement.

If, after all of the Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining in any account of the Redemption Fund, said moneys shall be transferred to the City for deposit to the Assessment Fund.

Section 505. Reserve Fund. The Fiscal Agent shall initially deposit into the Reserve Fund the amount specified in Section 605. Thereafter, the Treasurer shall transfer sufficient funds from the Assessment Fund as provided in Section 503 in order to maintain the Reserve Requirement in the Reserve Fund at all times. On or before each February 15 and August 15, the Fiscal Agent shall determine whether the amount on deposit in the Reserve Fund equals the Reserve Requirement.

Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of, including mandatory sinking fund payments, and interest on the Bonds when due in the event that the moneys in the Redemption Fund are insufficient therefor. The Fiscal Agent shall withdraw moneys as necessary from the Reserve Fund for deposit in the Redemption Fund on or before the first day of March and September of each year.

In the event an Assessment is prepaid in whole or in part and used to redeem Bonds, the Assessment being prepaid shall be reduced by the amount transferred from the Reserve Fund pursuant to this paragraph to the Prepayment Account of the Redemption Fund. The amount transferred shall be that portion of the balance then in the Reserve Fund equal to the proportion that the Assessment prepaid bears to the total of all Assessments remaining unpaid as of such date. The City shall notify, or shall cause the Fiscal Agent to be notified, of the amount to be transferred.

In the event that moneys in the Reserve Fund and the moneys in the Redemption Fund and the Assessment Fund are sufficient to retire all of the Outstanding Bonds plus accrued interest thereon, such moneys in the Reserve Fund and the Assessment Fund shall at the written direction of City be transferred to the Redemption Fund for the payment of the Bonds.

All amounts remaining in the Reserve Fund in the year in which the last Assessment Installments become due and payable shall be credited toward said Assessment Installments as set forth below:

On or prior to July 1st of the Fiscal Year next preceding the Fiscal Year in which the last unpaid Assessment Installment securing the Bonds becomes due and payable, the City shall determine the amount remaining in the Reserve Fund, and shall declare such amount to be surplus and direct the Fiscal Agent as to the transfer of such amount in order that it may be credited in the manner set forth in Section 10427.1 of the 1913 Act; provided that if all or any part of such Assessments remain unpaid and are payable in installments, the amount apportioned to each parcel shall be credited against the last of such unpaid Assessment Installments and, if the amount apportioned to each parcel exceeds the amount of said last installment, then such excess shall be credited against the next to last of such Assessment Installments.

Notwithstanding any provisions herein to the contrary, moneys in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn from the Reserve Fund by the Fiscal Agent on or before each February 15 and August 15, and shall be transferred to the Interest Account, the Principal Account or the Prepayment Account in an amount directed in writing by an Authorized Representative of the City received at least one Business Day prior to each February 15 and August 15. In the absence of written direction from the City, all amounts shall be transferred to the Redemption Fund and shall be used as provided in Section 503.

Section 506. Rebate Fund.

(a) The Fiscal Agent shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund and shall establish a separate Rebate Account and Alternative Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund shall be held by the Fiscal Agent, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund with respect to the Bonds shall be governed by this Section 506 and the Tax Certificate, unless the City obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax

purposes of interest payments on the Bonds will not be adversely affected if such requirements are not satisfied.

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

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

(B) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate, upon the written direction of an Authorized Representative of the City, an amount shall be deposited to the Rebate Account by the Fiscal Agent from any funds so designated by the City if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the City in accordance with (i)(A) above. In the event that immediately following any transfer required by the previous sentence, or the date on which the City determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the City, the Fiscal Agent shall withdraw the excess from the Rebate Account and then credit the excess to the Assessment Fund.

(C) Payment to the Treasury. The Fiscal Agent shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in the Rebate Account,

(1) Not later than 60 days after the end of (A) the fifth Bond Year for the Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds, as applicable; and

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

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(i)(C) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such

payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

The Fiscal Agent shall be deemed conclusively to have complied with such provisions, if it follows the written directions of the City, and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate.

(ii) Alternative Penalty Account.

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

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

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

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds after redemption and payment of such issue and after making the payments described in subsection (a)(i)(C) or (a)(ii)(C) (whichever is applicable), shall be withdrawn by the Fiscal Agent at the written direction of the City and utilized in any manner by the City.

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

(d) Amendment Without Consent of Owners. This Section 506 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the City an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 507. Improvement Fund. The moneys in the Improvement Fund shall be applied to pay the costs of the Improvements and shall be disbursed by the Fiscal Agent as specified in a written direction from an Authorized Representative of the City which must be submitted in connection with each requested disbursement substantially in the form set forth in Exhibit A hereto.

Upon receipt of a certificate of an Authorized Representative of the City stating that all or a specified portion of the amount remaining in the Improvement Fund is no longer needed to pay costs of the Improvements, the Fiscal Agent shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Improvement to the Prepayment Account of the Redemption Fund to be used to redeem Bonds or for such other purposes as permitted by the 1913 Act and the 1915 Act, all as directed in said certificate.

Section 508. Investments. Moneys held in any of the funds and accounts under this Agreement shall be invested at the written direction of an Authorized Representative of the City only in Authorized Investments which shall be deemed at all times to be a part of such funds and accounts. The Fiscal Agent shall provide monthly statements or reports of the principal balances and investment earnings thereon in each fund and account maintained by the Fiscal Agent hereunder.

Authorized Investments shall be purchased at such prices as directed by an Authorized Representative of the City in written directions (or telephonic directions confirmed in writing) delivered to the Fiscal Agent. The Fiscal Agent may conclusively reply upon the written instructions of the Authorized Representative as to both the suitability and legality of directed investments. Directions as to the purchase of all Authorized Investments shall be subject to the limitations hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by the Treasurer.

Moneys in all funds and accounts except for the Reserve Fund shall be invested in Authorized Investments maturing, or with respect to which payments of principal and interest are scheduled or otherwise payable, not later than the date on which the Treasurer has estimated that such moneys will be required by the Fiscal Agent for the purposes specified in this Agreement. Moneys in the Reserve Fund shall be invested in Authorized Investments.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Agreement shall be retained therein, except as transfers from such funds or accounts are authorized in this Agreement. For investment purposes only, the Fiscal Agent may commingle the funds and accounts established hereunder, and administered by the Fiscal Agent, but shall account for each separately.

Notwithstanding anything to the contrary contained in this Section, an amount of interest received with respect to any Authorized Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Authorized Investment shall be credited to the fund or account for the credit of which such Authorized Investment was acquired.

For the purpose of determining the amount in any fund or account other than the Reserve Fund, all Authorized Investments credited to such fund or account shall be valued at the lower of the cost or the market value thereof, exclusive of accrued interest. Amounts in the Reserve Fund shall be valued at their market value at least semi-annually on or before February 15 and August 15 (or more frequently as may be requested by the Treasurer, but in no event more often than monthly). In making any such valuation, the Fiscal Agent may utilize nationally recognized securities valuation or pricing services available to it through its accounting system. The Fiscal Agent may rely on such valuations and shall not be responsible for the accuracy thereof.

The Fiscal Agent, or any of its affiliates, may act as principal or agent in the making or disposing of any investment or as a sponsor, depository, manager for or advisor to any issuer of Authorized Investments. The Fiscal Agent shall sell, or present for redemption, any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 904, the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment, or any other investment made at the direction of the City or otherwise made in accordance with this Agreement.

In the absence of written investment direction from the Treasurer received at least two Business Days prior to the maturity of an Authorized Investment, the Fiscal Agent shall invest solely in Authorized Investments set forth in subsection (3) of the definition thereof.

The Fiscal Agent shall be entitled to rely conclusively upon the written instructions of the City directing investments in Authorized Investments as to the fact that each such investment is permitted by the laws of the State of California and is an Authorized Investment as required by this Agreement and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the list of Authorized Investments which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Fiscal Agent shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Authorized Investment obtained at the City's expense.

Except as specifically provided in this Agreement, the Fiscal Agent shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the City for earnings derived from funds that have been invested.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmation of security transactions to be effected by the Fiscal Agent hereunder as they occur. The City specifically waives the right to receive such confirmation to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which include detail for the investment transactions effected by the Fiscal Agent hereunder; provided, however, that the City retains its right to receive brokerage confirmation on any investment transaction requested by the City.

ARTICLE VI

ISSUANCE OF 2020A BONDS

Section 601. Authorization and Designation of 2020A Bonds. The City has reviewed all proceedings heretofore taken relative to the authorization of the 2020A 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 2020A Bonds do exist, have happened and have been performed in due time, form and manner as required by the 1915 Act, and that the City is now authorized, pursuant to each and every requirement of the 1915 Act and hereof, to issue the 2020A Bonds upon the security of the Assessments in the aggregate principal amount described in the, and in the form and manner provided, herein, which 2020A Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

Section 602. Denominations of 2020A Bonds. The 2020A Bonds shall be issued as fully registered 2020A Bonds in the denomination of \$1,000 or any increment of \$1,000 in excess thereof.

Section 603. Interest Payment Date of 2020A Bonds. The 2020A Bonds shall be dated their Closing Date and shall mature on September 2, 2040, bearing an annual interest of 2.35%.

Section 604. Form of 2020A Bonds. The 2020A Bonds shall be in substantially the following form, the blanks to be filled in with appropriate words and figures, conforming to the terms of this Agreement:

[FORM OF 2020A BOND]

R-1

\$2,412,000

THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE FISCAL AGENT AGREEMENT, INCLUDING THE DELIVERY TO THE FISCAL AGENT OF AN INVESTOR LETTER IN THE FORM REQUIRED BY THE FISCAL AGENT AGREEMENT. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE FISCAL AGENT AGREEMENT SHALL BE VOID AND OF NO EFFECT.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE**

**CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 111
LIMITED OBLIGATION IMPROVEMENT BOND
2020 SERIES A**

<i>INTEREST RATE</i>	<i>MATURITY DATE</i>	<i>DATED DATE</i>
2.350%	September 2, 2040	June 26, 2020

REGISTERED OWNER:

PRINCIPAL AMOUNT: TWO MILLION FOUR HUNDRED TWELVE THOUSAND AND 00/100 DOLLARS

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code (the "Act") and Resolution No. _____ (the "Resolution of Issuance") adopted by the City Council of the City of Newport Beach (the "City") on June 23, 2020, the City will, out of the redemption fund for the payment of the bonds issued upon the unpaid portion of assessments made for the acquisition, work, and improvements more fully described in proceedings taken pursuant to Resolution No. 2015-96 (the "Resolution of Intention") adopted by the City Council of the City on the November 10, 2015, pay to the registered owner stated above, on the maturity date stated above, the principal sum stated above in lawful money of the United States of America, all as provided for in a Fiscal Agent Agreement dated as of June 1, 2020 (the "Fiscal Agent Agreement"), by and between U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") and the City. In like manner, the City will pay interest on this bond from the Interest Payment Date (as defined below) next preceding the date on which this bond is authenticated, unless (i) its date of authentication is after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") and on or before the immediately succeeding Interest Payment Date, in which event the bond shall bear interest from such Interest Payment Date or (ii) its date of authentication is before the close of business on the first Record Date, in which event the bond shall bear interest from the date of this bond; provided, however, that if at the time of authentication of this bond, interest is in default, interest on this bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment. Such interest shall be payable on March 2 and September 2 of each year, commencing September 2, 2020 (each, an "Interest Payment Date").

Payment of interest on and principal of this bond due on or before the maturity or prior redemption hereof shall be made directly by wire transfer to the then Owner of this bond pursuant to instructions to be provided from time to time by the then Owner to the Fiscal Agent.

This bond will continue to bear interest after maturity at the rate above stated provided it is presented at maturity and payment hereof is refused upon the sole ground that there are not sufficient moneys in said redemption fund with which to pay the same. If it is not presented at maturity, interest hereon will run only until maturity.

This bond (the "Bonds") is issued by the City under the Act and the Fiscal Agent Agreement for the purpose of providing means for paying for the improvements described in the proceedings; and it is secured by the moneys in the redemption fund and by the unpaid portion of certain assessments made for the payment of those improvements, and, including principal and interest, is payable exclusively out of said fund.

Whenever, as of an Interest Payment Date, there are sufficient funds in the Prepayment Account of the Redemption Fund from the proceeds of prepayments of Assessments, this bond shall be called for redemption as provided in Part 11.1 of the Act. This bond, or any portion hereof, in the principal amount of \$1,000 or any integral multiple thereof, may be redeemed and paid in advance of maturity on any Interest Payment Date, by giving notice to the owner hereof and by paying the principal amount hereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment.

The Bonds are subject to redemption prior to their stated maturity dates on any Interest Payment Date on and after September 2, 2027 from such maturities as selected by the City, from any source of funds other than prepayment of Assessments, including, but not limited to, surplus monies on deposit in the Improvement Fund, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date, without premium.

The Bonds shall be called before maturity and redeemed, from mandatory sinking fund payments that have been deposited into the Redemption Fund, on September 2, 2021, and on each September 2 thereafter prior to maturity and at maturity, in accordance with the schedule of payments set forth below. The Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 2, 2040

<i>Redemption Date (September 2)</i>	<i>Principal Amount</i>
2021	\$ 95,000
2022	98,000
2023	100,000
2024	103,000
2025	105,000
2026	108,000
2027	110,000
2028	113,000
2029	115,000
2030	118,000
2031	121,000
2032	124,000
2033	127,000
2034	130,000
2035	133,000
2036	136,000
2037	139,000
2038	142,000
2039	146,000
2040 (maturity)	149,000

In the event of a partial optional redemption or mandatory redemption of the Bonds, each of the remaining mandatory sinking fund payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis as directed by the City.

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the office of the Fiscal Agent, subject to the terms and conditions provided in the Fiscal Agent Agreement, including the payment of certain charges, if any, upon surrender and cancellation of this bond. Upon such transfer a new registered bond or bonds of any authorized denomination or denominations, of the same maturity, for the same aggregate principal amount, will be issued to the transferee in exchange herefor. Notwithstanding the foregoing, an Owner of this bonds may only transfer this bond to a new Owner if this bond is transferred in whole and the new Owner has delivered an Investor Letter (in the form attached to the Fiscal Agent Agreement) to the City and the Fiscal Agent.

Neither the City nor the Fiscal Agent shall be required to make such exchanges or to register such transfers of bonds (a) during the 15 days prior to any Interest Payment Date or the date established by the Fiscal Agent for selection of Bonds for redemption, or (b) with respect to a bond after such bond has been selected for redemption.

The City and the Fiscal Agent may treat the owner hereof, as shown on the bond register kept by the Fiscal Agent, as the absolute owner for all purposes; and the City and the Fiscal Agent shall not be affected by any notice to the contrary.

The Fiscal Agent Agreement is incorporated by reference herein and by acceptance hereof the registered owner assents to said terms and conditions.

This bond is subject to refunding pursuant to the procedures of the Refunding Act of 1984 for 1915 Improvement Act Bonds.

This bond shall not be entitled to any benefit under the Act or the Fiscal Agent Agreement or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been manually signed by the Fiscal Agent.

THE CITY HAS DECLARED AND DETERMINED IN THE RESOLUTION OF INTENTION THAT PURSUANT TO SECTION 8769 OF THE IMPROVEMENT BOND ACT OF 1915 IT WILL NOT OBLIGATE ITSELF TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO CURE ANY DEFICIENCY WHICH MAY OCCUR IN THE REDEMPTION FUND.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF NEWPORT BEACH, THE COUNTY OF ORANGE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE FISCAL AGENT AGREEMENT.

IN WITNESS WHEREOF, the City of Newport Beach has caused this bond to be signed in manual or facsimile form by the Treasurer of said City and attested to by the City Clerk of the City Council of said City, all as of the 26th day of June, 2020.

CITY OF NEWPORT BEACH

Treasurer for the City of Newport Beach

ATTEST:

City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the bonds described in the within-mentioned Fiscal Agent Agreement, which bond has been authenticated and registered on June 26, 2020.

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

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

City Clerk of the City of Newport Beach

[FORM OF ASSIGNMENT]

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

TAX I.D. #: _____
the within bond and do(es) hereby irrevocably constitute and appoint

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

Date: _____

SIGNATURE GUARANTEED:

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

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever and the signature(s) must be guaranteed by an eligible guarantor.

Section 605. Application of Proceeds of the Sale of 2020A Bonds and of the Prepaid Amounts. Proceeds from the sale of the 2020A Bonds shall be used as follows:

- (i) \$120,600.00 shall be deposited by the Fiscal Agent into the Reserve Fund equaling the Reserve Requirement;
- (ii) \$90,100.00 shall be deposited by the Fiscal Agent in the Costs of Issuance Fund;
- (iii) \$10,391.70 shall be deposited by the Fiscal Agent in the Interest Account; and
- (iv) \$2,190,908.30 shall be deposited by the Fiscal Agent in the Improvement Fund.

ARTICLE VII

COVENANTS AND WARRANTY

Section 701. Warranty. The City shall preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons.

Section 702. Covenants. So long as any of the Bonds are Outstanding and unpaid, the City makes the following covenants with the Owners under the provisions of the 1913 Act, the 1915 Act and this Agreement (to be performed by the City or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the City to expend any funds or moneys other than the Assessments:

(a) Punctual Payment; Covenant Against Encumbrances. The City covenants that it will receive all Assessment Installments in trust and will, consistent with Section 503 hereof, deposit the Assessment Installments in the Assessment Fund, and the City shall have no beneficial right or interest in the amounts so deposited except as provided by this Agreement. All such Assessment Installments, whether received by the City in trust or deposited with the Fiscal Agent, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes herein set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

The City covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with this Agreement to the extent Assessments and interest earnings transferred to the Redemption Fund are available therefor, and that the payments into the Redemption Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Bonds and this Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplements and of the Bonds issued hereunder. If at any time the total balance in the Redemption Fund and the Reserve Fund is sufficient to redeem all Outstanding Bonds pursuant to Section 401 hereof, the Treasurer may direct the Fiscal Agent to effect such redemption on the earliest date on which all Outstanding Bonds may be redeemed.

The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the Assessment Installments, and will not issue any obligation or security superior to the Bonds, payable in whole or in part from the unpaid Assessments.

(b) Covenant to Levy. The City will cause the Assessment Installments required to pay the principal of and interest on the Bonds when due to be placed on the tax bills of the owners of the parcels assessed and covenants to levy assessments, as permitted by law and the Resolution of Formation, to satisfy the Administrative Expense Requirement.

(c) Commence Foreclosure Proceedings. The City will review the public records of the County of Orange, California, in connection with the collection of the Assessment Installments not later than August 1 of each year to determine the amount of Assessment Installments collected in the prior Fiscal Year. If the City determines that any parcel or parcels are delinquent in the payment of Assessment Installments, then the City will cause judicial foreclosure proceedings to be filed in the Superior Court not later than December 1 of each year, and will prosecute diligently such foreclosure proceedings to judgment and judicial foreclosure sale; provided, however, the commencement of any foreclosure action may be deferred in the sole discretion of the City if, and only so long as, the amount in the Reserve Fund is not less than seventy percent (70%) of the Reserve Requirement.

(d) Books and Accounts. The City will cause the Fiscal Agent to keep proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions made by its Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice be subject to the inspection of the City or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(e) Tax Covenants. Notwithstanding any other provision of this Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes by reason of the City's failure to do so, the City covenants to comply with all applicable requirements of the Code, necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

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

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

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

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

Rebate Requirements. The City will take no action inconsistent with its expectations stated in the Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference herein. Without limiting the generality of the foregoing, the City agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. In particular, the City shall direct the Fiscal Agent to transfer to the Rebate Fund amounts sufficient to pay and shall instruct the Fiscal Agent to pay to the United States Treasury any amounts required to be paid as set forth in Section 506 hereof.

(f) Collection of the Administrative Expense Requirements. The City covenants that it will collect annually an amount specified by the Treasurer to be the Administrative Expense Requirement to pay for Administrative Expenses. The Administrative Expense Requirement so collected shall not exceed the amount specified in the Engineer's Report.

(g) Reporting Information. The City covenants that it will provide to the Owner, for so long as the Bonds are outstanding, by April 1 following the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2020, an annual report (the "Annual Report") stating: (i) the principal amount of Bonds outstanding as of the September 1 preceding the filing of the Annual Report, (ii) the balance in each fund under the Agreement as of the September 1 preceding the filing of the Annual Report, (iii) information regarding the annual aggregate special assessment installments, amount collected, delinquent amount and percent delinquent for the most recent Fiscal Year and the amount and percent remaining delinquent for any prior fiscal year, (v) status of foreclosure proceedings and summary of results of foreclosure sales as of the preceding September 1, if available, (v) the most recent assessed values of the property in the Assessment District and the principal amount of the Bonds, (vi) a statement regarding the number of parcels that prepaid Assessments, and the amounts so prepaid, since the filing of the last Annual Report, and (vii) a copy of the City's audited financial statements for the Fiscal Year then ended (provided, however, that if the City's audited financial statements are not available by the time the Annual Report is required to be provided, the Annual Report shall instead contain unaudited financial statements, and the audited financial statements shall be provided as soon as practicable after they become available).

ARTICLE VIII

AMENDMENTS TO AGREEMENT

Section 801. Amendments Not Requiring Bondowner Consent. The City may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplements hereto for any of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provisions herein provided that such action shall not materially adversely affect the interests of the Bondowners;

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

(c) to modify, amend or supplement this Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute

hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not, materially adversely affect the interests of the Owners of the Bonds; or

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

Section 802. Amendments Requiring Bondowner Consent. Exclusive of the Supplements described in Section 801, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve such Supplements as shall be deemed necessary or desirable by the City for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplement without the consent of the Owners of all the Bonds then Outstanding.

If at any time the City shall desire to enter into a Supplement, which pursuant to the terms of this Section shall require the consent of the Bondowners, the City shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplement. The Fiscal Agent shall, at the expense of the City, cause notice of the proposed Supplement to be mailed, by first class mail postage prepaid, to all Bondowners and their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that a copy thereof is on file at the office of the Superintendent of Streets and the corporate trust office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplement described in such notice, and shall specifically consent to and approve the Supplement substantially in the form of the copy referred to in such notice as on file with the Superintendent of Streets and the Fiscal Agent, such proposed Supplement, when duly executed by the City, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplement, Bonds which are owned by the City or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the City, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination. Upon request, the City shall designate to the Fiscal Agent those Bonds disqualified by this Section 802.

Upon the execution and delivery by the City and the Fiscal Agent of any Supplement and the receipt of consent to any such Supplement from the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding in instances where such consent is required pursuant to the provisions of this Section, this Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Agreement of the

City, the Fiscal Agent and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

No Supplement pursuant to either Section 801 or Section 802 shall modify or amend any of the rights or obligations of the Fiscal Agent without its written consent thereto. The Fiscal Agent shall be provided an opinion of counsel, at the expense of the City, that any such Supplement complies with the provisions of this Article VIII and the Fiscal Agent may conclusively rely upon such opinion.

Section 803. Notation of Bonds; Delivery of Amended Bonds. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent, a suitable notation as to such action shall be made on such Bonds. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Fiscal Agent without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

ARTICLE IX

FISCAL AGENT

Section 901. Fiscal Agent. U.S. Bank National Association is hereby appointed Fiscal Agent for the City for the purpose of receiving all money which the City is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Agreement.

The Fiscal Agent is hereby authorized to and shall mail by first-class mail, postage prepaid, interest payments to the Bondowners, select Bonds for redemption, and maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or upon redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Agreement. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid and discharged by it.

The Fiscal Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds upon payment thereof or upon the surrender thereof by the City pursuant to Section 1201 hereof. The Fiscal Agent shall keep accurate records of all Bonds paid and discharged and canceled by it for six years or such longer period as required by applicable law or the policies of the Fiscal Agent.

The Fiscal Agent shall supply information regarding investments made under Article V at the written request of the City including: (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest, received, and (ix) disposition date. In the event a Nonpurpose Investment is subject to a receipt of bids, the City shall maintain a record of all information establishing fair market value on the date such investment became a Nonpurpose Investment. Such detailed record keeping is required for the calculation of the Rebate Requirement which shall be performed by the City and, in

part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the Yield on the Bonds.

The City shall from time to time, subject to any agreement between the City and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants, counsel, agents, receiver and engineers or other experts employed by it in the exercise and performance of its powers and duties hereunder, and indemnify, defend and save the Fiscal Agent harmless against any losses, costs, expenses or liabilities, including reasonable fees and expenses of its attorneys (including the allocated costs and disbursements of in-house counsel, to the extent such services are not redundant with those provided by outside counsel), not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder, which indemnity shall survive discharge of the Bonds.

Any bank or trust company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under Section 902, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 902. Removal of Fiscal Agent. The City may in the absence of an event of default at any time, in the exercise of its sole discretion, upon thirty (30) days prior written notice to the Fiscal Agent, remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital and surplus) (or whose parent or holding company has a combined capital (exclusive of borrowed capital and surplus) of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus shall be as set forth in its most recent report of condition so published. The City shall notify the Bondowners in writing of any such removal of the Fiscal Agent and appointment of a successor thereto.

Section 903. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing; provided, however, that in the event that the City does not appoint a successor Fiscal Agent within thirty (30) days following receipt of such notice of resignation, the resigning Fiscal Agent may petition, at the expense of the City, an appropriate court having jurisdiction to appoint a successor Fiscal Agent. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the written acceptance of appointment by the successor Fiscal Agent, and notice to the Bondowners of the Fiscal Agent's identity and address.

Section 904. Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same

and makes no representations as to the validity or sufficiency of this Agreement or of the Bonds, and shall incur no responsibility in respect thereof other than in connection with its duties or obligations herein or in the Bonds or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall have no duties or obligations other than as specifically set forth herein and no implied duties, covenants or obligations shall be read into this Agreement against the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall have no liability or obligation to the Bondowners with respect to the payment of debt service by the City or with respect to the observance or performance by the City of the other conditions, covenants and terms contained in this Agreement, or with respect to the investment of any moneys in any fund or account established, held or maintained by the City pursuant to this Agreement or otherwise.

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

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

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

The Fiscal Agent shall have no duty or obligations whatsoever to enforce the collection of Assessments or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. The Fiscal Agent shall have no duty or obligation to monitor the City's compliance with the 1913 Act or the 1915 Act. No provision in this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Fiscal Agent shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

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

All protections extended to the Fiscal Agent shall also extend to its officers, directors, employees and agents. The Fiscal Agent's rights to indemnification hereunder and to payment of its fees and expenses shall survive its resignation or removal and the final payment or defeasance of the Bonds.

The Fiscal Agent makes no covenant, representation or warranty concerning the current or future tax status of interest on the Bonds.

The Fiscal Agent may become an Owner with the same rights it would have if it were not Fiscal Agent; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Fiscal Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

The Fiscal Agent may execute any of the duties or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, shall not be responsible for the actions or omissions of such attorneys, agents or receivers if appointed by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent shall only perform those duties specifically set forth herein and no implied duties, covenants or obligations whatsoever shall be read into this Agreement. No action by the Fiscal Agent shall be construed or deemed to expand the limitations on the scope of the Fiscal Agent's duties. The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Assessment District, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

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

The Fiscal Agent 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 not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent or in the exercise of any right

hereunder. In the event of conflicting instructions hereunder, the Fiscal Agent shall have the right to decide the appropriate course of action and be protected in so doing.

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

The Fiscal Agent shall not to be deemed to have knowledge of any event of default hereunder unless it has actual knowledge thereof at its Principal Office.

Section 905. Interested Transactions. The Fiscal Agent and its officers and employees may acquire and hold Bonds with the same effect as if it were not Fiscal Agent. The Fiscal Agent, either as principal or agent, may engage in or be interested in any financial or other transaction with the City.

Section 906. Agents. The Fiscal Agent may execute any of its duties or powers or perform its duties through attorneys, agents or receivers and the Fiscal Agent shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES

Section 1001. Event of Default. Any one or more of the following events shall constitute an “event of default”:

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

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

(c) Default by the City in the observance of any of the other agreements, conditions or covenants on its part in this Agreement or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Fiscal Agent or any Owner, provided that if within thirty (30) days the City has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 1002. Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the City and any of the members, officers and employees of the City, and to compel the City or any such members, officers or employees to perform and carry out their duties under the 1913 Act or the 1915 Act and their agreements with the Owners as provided in this Agreement;

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

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

Nothing in this article or in any other provisions of this Agreement, or in the Bonds, shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Assessments pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in this Agreement.

A waiver of any default of breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the 1913 Act or the 1915 Act or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the City and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the 1913 Act, the 1915 Act or any other law.

In no event shall the Fiscal Agent have any responsibility to cure or cause the City or any other person or entity to cure an event of default hereunder.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in this Agreement, then the Owners of such Bonds shall cease to be entitled to the pledge of Assessments and other amounts hereunder, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under this Agreement shall thereupon cease, terminate and become void and be discharged and satisfied except for the City's covenant under Section 702(a) hereof. In such event, the Fiscal Agent shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the City after payment of any amounts due the Fiscal Agent hereunder all money or securities held by it pursuant to this Agreement which are not required for the payment of the interest due on, and the principal of, such Bonds.

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

(a) by paying or causing to be paid the principal of and interest with respect to such Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent at or before maturity, money which, together with the amounts then on deposit in the Assessment Fund, the Reserve Fund and the Redemption Fund, is fully sufficient to pay the principal of, premium and interest on such Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent Federal Securities in such amount as an Independent Financial Consultant shall determine will, together with the interest to accrue thereon and moneys then on deposit in the Assessment Fund, the Reserve Fund and the Redemption Fund which is available to pay such Bond, together with the interest to accrue thereon without further investment, be fully sufficient to pay and discharge the principal of, premium, if any, and interest on such Bond as and when the same shall become due and payable; then, notwithstanding that such Bond shall not have been surrendered for payment, all obligations of the City under this Agreement with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owner of any Bond not so surrendered and paid, all sums due thereon from funds provided to it by the City and except for the City's covenant under Section 702(e) hereof. Any money or securities deposited with the Fiscal Agent to defease any Bond or Bonds shall be accompanied by a certificate of a certified public accountant confirming the accuracy of the calculations establishing the sufficiency of such deposit. Any funds held by the Fiscal Agent at the time of payment or defeasance of all Outstanding Bonds, which are not required for the purpose above mentioned, or for payment of amounts due the Fiscal Agent hereunder shall be paid over to the City.

ARTICLE XII

MISCELLANEOUS

Section 1201. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall upon payment therefor, and any Bond purchased by the City as authorized herein shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds as provided by law and furnish to the City a certificate of destruction.

Section 1202. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Agreement to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor, may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the commercial bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Agreement (except as otherwise herein provided), if made in the following manner:

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

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums to be paid. The Fiscal Agent shall not be affected by any notice to the contrary. Nothing contained in this Agreement shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept other evidence of the matters herein stated which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

Section 1203. Unclaimed Moneys. Anything in this Agreement to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Bonds which remains unclaimed for one year after the Bonds become due and payable, if such money was held by the Fiscal Agent at such date, or for one year after the date of deposit of such money if deposited with the Fiscal Agent after said date when such Bonds become due and payable, shall be repaid by the Fiscal Agent to the City, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that, before being required to make any such payment to the City, the Fiscal Agent shall, at the written request and the expense of the City, cause to be mailed to the registered Owners of such Bonds, at their addresses as they appear on the Bond Register, a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

Section 1204. Provisions Constitute Contract; Successors. The provisions of this Agreement shall constitute a contract between the City and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Fiscal Agent shall prevail, the Fiscal Agent shall be entitled to receive from the Assessment District reimbursement for reasonable costs, expenses, outlays and attorneys' fees (including the allocated costs and disbursements of in-house counsel, to the extent such services are not redundant with those provided by outside counsel), and should said suit, action or proceeding be abandoned, or be determined adversely to the Fiscal Agent, then the City, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

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

This Agreement shall be binding upon and inure to the benefit of the City and the Fiscal Agent, and their respective successors and assigns.

Section 1205. Further Assurances; Incontestability. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and

for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Agreement.

After the sale and delivery of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 1206. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Agreement and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Agreement and the Bonds shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 1207. General Authorization. Authorized Representatives of the City are hereby respectively authorized to do and perform from time to time any and all acts and things consistent with this Agreement necessary or appropriate to carry the same into effect.

Section 1208. Liberal Construction. This Agreement shall be liberally construed to the end that its purpose may be effected. No error, irregularity, informality and no neglect or omission herein or in any proceeding had pursuant hereto which does not directly affect the jurisdiction of the City Council shall void or invalidate this Agreement or such proceeding or any part thereof, or any act or determination made pursuant thereto.

Section 1209. Notice. Any notices required to be given to the City with respect to the Bonds for this Agreement shall be mailed, first class, or personally delivered to the City Manager at 100 Civic Center Drive, Newport Beach, California 92660, and all notices to the Fiscal Agent shall be mailed, first class, or personally delivered to the Fiscal Agent at U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Global Corporate Trust. A copy of all notices provided by either the City or the Fiscal Agent shall be provided to the Owner of the 2020A Bonds in accordance with written instructions provided from time to time by such Owner to the City and the Fiscal Agent.

Section 1210. Action on Next Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Agreement.

IN WITNESS WHEREOF, the City and the Fiscal Agent have executed this Agreement, effective the date first written above.

CITY OF NEWPORT BEACH

By: _____
Finance Director/Treasurer

ATTEST:

City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

EXHIBIT A

**FORM OF WRITTEN DELIVERY REQUISITION –
[COSTS OF ISSUING BONDS] [IMPROVEMENT FUND]**

U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”)

RE: Disbursement from the [Improvement Fund pursuant to Section 507] [Costs of Issuance Fund pursuant to Section 502] of the Fiscal Agent Agreement, dated as of June 1, 2020 (the “Fiscal Agent Agreement”), by and between the City of Newport Beach (“City”) and the Fiscal Agent, in connection with the issuance of \$2,412,000 City of Newport Beach Assessment District No. 111 Limited Obligation Improvement Bonds 2020 Series A (the “Bonds”).

REQUISITION NO. 1

You are hereby instructed to pay to the parties listed on Schedule I attached hereto the amounts set forth on Schedule I, such amounts being [costs of issuing the Bonds as provided in Section 502] [costs of the Improvements as provided in Section 507] of the Fiscal Agent Agreement. These costs have been properly incurred, are a proper charge against the [Costs of Issuance Fund] [Improvement Fund] and have not been the basis of any previous disbursements.

The Fiscal Agent is hereby instructed to pay an amount which shall not exceed the amounts listed on Schedule I attached hereto upon receipt of an invoice of the payee.

CITY OF NEWPORT BEACH

By: _____
Finance Director/Treasurer

SCHEDULE I

<i>Party</i>	<i>Purpose</i>	<i>Amount</i>
--------------	----------------	---------------

EXHIBIT B
FORM OF INVESTOR LETTER

\$2,412,000
CITY OF NEWPORT BEACH
ASSESSMENT DISTRICT NO. 111
LIMITED OBLIGATION IMPROVEMENT BONDS
2020 SERIES A

[DATE]

City of Newport Beach
Newport Beach, California

U.S. Bank National Association
Los Angeles, California

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby acknowledges receipt of \$2,412,000 in aggregate principal amount of the above-referenced bonds (the “Bonds”), dated June 26, 2020 in fully registered form and bearing interest from the date thereof.

1. We are a “qualified institutional buyer” as defined in Rule 144A of the Securities Act of 1933, as amended (the “1933 Act”) or an institutional “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the 1933 Act.

2. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of such a loan represented by the purchase of the Bonds.

3. We are acquiring the Bonds for our own account, and not with a view to, or for sale in connection with, any distribution of the Bonds or any part thereof. We have not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and we have no present intention of reselling or otherwise disposing of the Bonds. We understand that the Bonds will not have a CUSIP number and will not be issued in book-entry form.

4. As a qualified institutional buyer or an accredited investor, we have made our own credit inquiry and analysis with respect to the City of Newport Beach (the “Issuer”), the City of Newport Beach Assessment District No. 111 and the Bonds, and have made an independent credit decision based upon such inquiry and analysis. The Issuer has furnished to us all the information which we as a reasonable investor have requested of the Issuer as a result of our having attached significance

B-1

thereto in making our investment decision with respect to the Bonds, and we have had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Issuer and the Bonds. We are able and willing to bear the economic risk of the purchase and ownership of the Bonds.

5. We acknowledge that the Bonds are exempt from registration pursuant to the 1933 Act, are transferable only by notation on the registration books maintained by the bond registrar and are freely transferable provided that the Bonds are transferable in whole and not in part and that:

(i) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;

(ii) the transferring holder thereof can transfer the Bonds only to a transferee who executes and delivers to the Issuer a letter of the transferee substantially to the effect of this letter and who qualifies as a qualified institutional buyer or an accredited investor; and

(iii) in the event of transfer, the Issuer will not be required to prepare, review or consent to disclosure concerning the Issuer.

6. We acknowledge that the Bonds shall only be transferred in whole and not in part.

7. We are not relying upon the Issuer or its employees or consultants for advice as to the merits and risks of loaning the proceeds of the Bonds. We have not relied upon the Issuer's legal counsel, financial advisor, placement agent or other consultants to the Issuer for any information, representation or opinions, unless explicitly provided herein, in connection with our investment, the Issuer or the Bonds. We have sought such accounting, legal and tax advice as we have considered necessary to make an informed investment decision.

8. We understand and agree that the offering and sale of the Bonds is exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), pursuant to Section (d) of such Rule, and the Issuer makes, and has made, no representation to us or any other party with respect to matters governing the Rule as it relates to the agreements and the transaction described herein.

9. We understand that no official statements, offering memorandum or circular will be issued in connection with the issuance of the Bonds, and that the Bonds are not rated by any accredited rating agency.

10. The Purchaser states that: (a) it is a bank, (b) it is capable of evaluating investment risks and market value independently, both in general and with regard to transactions and investment strategies in municipal securities; (c) it is exercising independent judgment in evaluating: (i) the recommendation of the placement agent, if any, or its associated persons; and (ii) the quality of execution of the Purchaser's transactions by the placement agent; and (d) the Purchaser has timely access to material information that is available publicly through established industry sources as defined in Municipal Securities Rulemaking Board (MSRB) Rule G-47.¹

¹ Pursuant to MSRB Rule G-47 established industry sources shall include the MSRB's Electronic Municipal Market Access ("EMMA"®) system, rating agency reports, and other sources of information relating to municipal securities transactions generally used by brokers, dealers, and municipal securities dealers that effect transactions in the type of municipal securities at issue.

13. We understand that the Fiscal Agent Agreement dated as of June 1, 2020 (the “Fiscal Agent Agreement”), by and between the Issuer and U.S. Bank National Association, as fiscal agent, relating to the Bonds, is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended. Additionally, the Fiscal Agent Agreement has not been registered under, and no qualification for sale has been made under, the Blue Sky Laws of any State.

14. The Purchaser intends to treat the acquisition of the Bonds as a loan and hold the Bonds in its loan portfolio.

15. The Purchaser understands that Bond Counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

[PURCHASER]

By: _____
Its: