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BOND INDENTURE

Between

COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

Relating To

$15,550,000
COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT
2016 SPECIAL TAX REFUNDING BONDS
Dated as of August 1, 2016
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BOND INDENTURE

THIS BOND INDENTURE ("Indenture") dated as of August 1, 2016, by and between Community Facilities District No. 7 of the Riverside Unified School District (the "District") and U.S. Bank National Association, and any successor or assigns thereto, as Fiscal Agent (defined herein), governs the terms of the $15,550,000 Community Facilities District No. 7 of the Riverside Unified School District 2016 Special Tax Refunding Bonds (the "Bonds") issued in accordance herewith.

RECITALS:

WHEREAS, the Board of Education of the Riverside Unified School District, located in Riverside County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, the District has previously issued its Community Facilities District No. 7 of the Riverside Unified School District 2006 Special Tax Refunding Bonds (the "Refunded Bonds") in the aggregate principal amount of $24,870,000 pursuant to that certain Fiscal Agent Agreement by and between the District and U.S. Bank National Association, as fiscal agent (the "Prior Fiscal Agent"), dated as of December 1, 2006 (the "Prior Fiscal Agent Agreement"), and the Refunded Bonds are the only bonds of the District outstanding; and

WHEREAS, the legislative body of the District intends to accomplish the refunding of the Refunded Bonds and pay certain costs related to the issuance of the Bonds through the issuance of the Bonds in an aggregate principal amount of $15,550,000 designated as the "Community Facilities District No. 7 of the Riverside Unified School District 2016 Special Tax Refunding Bonds"; and

WHEREAS, the District has determined that the issuance of the Bonds will provide significant public benefits by reducing the total amount of Special Taxes to be levied for debt service on indebtedness of the District; and

WHEREAS, the Bonds are to be issued and sold in accordance with Resolution No. 2016/17-09 of the Board of Education (the "Board") of the Riverside Unified School District (the "School District"), acting in its capacity as the legislative body of the District, and with this Indenture; and

WHEREAS, the District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied; and

WHEREAS, upon their issuance, the Bonds will be the only outstanding bonds of the District, and the District is covenanting herein not to issue any future obligation or security having a lien, charge, pledge or encumbrance on a parity with the Bonds upon the Special Taxes, except to refund the Bonds;

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

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, the following terms shall
have the following meanings:

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

"Administration Fund" means the fund by that name established pursuant to Section 3.4
hereof.

"Administrative Expense Requirement" means the amount of $45,000, commencing in the
Bond Year beginning on September 1, 2017, provided that the District may, in its sole discretion,
fund additional Administrative Expenses, without limitation, from any other funds available to the
District.

"Administrative Expenses" means the administrative costs with respect to the calculation
and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the
fees and expenses of the Fiscal Agent and any Special Tax Consultant to the District, any costs
related to the District’s compliance with state and federal laws requiring continuing disclosure of
information concerning the Bonds and the District, and any other costs otherwise incurred by the
School District staff on behalf of the District in order to carry out the purposes of the District as set
forth in the Resolution of Formation and any obligation of the District hereunder.

"Alternative Penalty Account" means the account by that name created and established in
the Rebate Fund pursuant to Section 3.1 hereof.

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

"Authorized Denominations" means $100,000 principal amount or any integral multiple of
$5,000 in excess thereof.

"Authorized Investments" means any of the following investments, if and to the extent the
same are at the time legal for investment of the District’s funds (the Fiscal Agent is entitled to rely
upon investment direction from the District as a certification such investment is an Authorized
Investment):

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or
guaranteed by any of the following federal agencies and provided such obligations are backed by the
full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- U.S. Export-Import Bank - Direct obligations or fully guaranteed certificates of beneficial ownership;
- Farmers Home Administration - Certificates of beneficial ownership;
- General Service Administration - Participation Certificates;
- Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA - guaranteed mortgage-backed bonds, GNMA - guaranteed pass-through obligations;
- U.S. Maritime Administration - Guaranteed Title XI financing;
- U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds;
- Federal Housing Administration Debentures;

(c) Senior debt obligations rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and having a rating by Standard & Poor’s of AAAm-G or better;

(e) Certificates of deposit secured at all times by collateral described in (a) and (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party or the Fiscal Agent and the Fiscal Agent on behalf of the Bond Owners must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC;

(g) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1+” by Standard & Poor’s and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (i.e., ratings on holding companies are not considered as the rating of the bank);

(h) Commercial Paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by Standard & Poor’s;

(i) Repurchase agreements with financial institutions insured by the FDIC; or any broker-dealer with “retail customers” which falls under the jurisdiction of the Securities
Investors Protection Corporation (SIPC); or a bank or other financial institution rated in the top two rating categories by one or more Rating Agencies; provided that: (i) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of such securities as described in this section, items (a) through (c); (ii) a third party custodian, the Fiscal Agent or the Federal Reserve Bank shall have possession of such obligations; (iii) the Fiscal Agent shall have perfected a first priority security interest in such obligations; and (iv) failure to maintain the requisite collateral percentage will require the Fiscal Agent to liquidate the collateral;

(j) County or State-administered pooled investment funds in which the District is statutorily permitted or required to invest to the extent that any amounts are deposited by the Fiscal Agent into such funds and the Fiscal Agent shall have direct access to such fund;

(k) The local agency investment pool maintained by the Treasurer to the extent deposits and withdrawals may be made directly by and in the name of the Fiscal Agent.

“Authorized Representative” means any School District Representative acting on behalf of the District hereunder.

“Beneficial Bondowner” or “Beneficial Owner” means, with respect to Book-Entry Bonds, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

“Bond Counsel” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature 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 Purchase Agreement” means that certain Bond Purchase Agreement, dated as of July 19, 2016, by and between the District and the Initial Purchaser.

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

“Bond Year” means the twelve (12) month period commencing on September 1 of each year and ending on August 31 of the following year, and for the first Bond Year commencing on the Delivery Date and ending on August 31, 2017.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered, including, with respect to Book-Entry Bonds, Cede & Co., as Nominee of DTC.

“Bonds” shall have the meaning assigned in the recitals hereto.

“Book-Entry Bonds” means those Bonds or Parity Bonds held by the Depository (or its Nominee) as the registered Bondowner thereof pursuant to the terms and conditions of Section 2.12.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, San Francisco, California, Los Angeles, California, or the city where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.
“Certificate of an Authorized Representative” means a written certificate executed by a an Authorized Representative, or his or her written designee.

“Code” means the Internal Revenue Code of 1986, as amended, as informed by any Regulations, rulings, judicial decisions, notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Corporate Trust Office” means the Corporate Trust Office of the Fiscal Agent at 633 W. Fifth Street, 24th Floor, Los Angeles, California, 90071, Attention: Global Corporate Trust Services.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent, legal fees and expenses, costs of printing the Bonds, fees of the financial consultants, special tax consultants and other fees and expenses set forth in a Certificate of an Authorized Representative, or his designee.

“County” means Riverside County, California.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Debt Service Account” means the subaccount of the Special Tax Fund by that name established pursuant to Section 3.1 hereof.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means the securities depository authorized to act as Depository for Book-Entry Bonds or Book-Entry Parity Bonds under Section 2.12 hereof.

“District” means Community Facilities District No. 7 of the Riverside Unified School District established pursuant to the Act and the Resolution of Formation.

“DTC” means the Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement, by and between U.S. Bank National Association, as Escrow Bank, and the District, dated as of August 1, 2016.


“Escrow Fund” means the Escrow Fund established under the Escrow Agreement.

“Federal Securities” means any of the following:

1. Cash (insured at all times by the Federal Deposit Insurance Corporation (“FDIC”) or otherwise collateralized with obligations described in paragraph (2) below),

2. Direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America, or
(3) Obligations of any agency, department or instrumentality of the United States of America the payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Agent” means U.S. Bank National Association, or any successors or assigns thereto.

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

“Gross Taxes” means the amount of all Special Taxes received by the District from the Treasurer, together with the net proceeds collected from the sale of property pursuant to the foreclosure provisions of this Indenture, penalties and interest received by the District in connection with the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys’ fees payable from such proceeds to the extent not previously paid as an Administrative Expense.

“Indenture” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article VI hereof.

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

(a) is in fact independent and not under the domination of the District or the School District;

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

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

“Initial Purchaser” means Sterling National Bank, as initial purchaser of the Bonds pursuant to the Bond Purchase Agreement.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2017; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investor Letter” means a letter substantially in the form attached hereto as Exhibit C.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and
(2) the interest payable on the aggregate principal amount of the Bonds Outstanding in such Bond Year if the Bonds are retired as scheduled.

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

“Net Taxes” means Gross Taxes minus amounts set aside to pay the Administrative Expense Requirement.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.12 hereof.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

1. Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;

2. Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

3. Bonds and Parity Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds the Book-Entry Bonds as the securities Depository.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax approved pursuant to Resolution No. 99/00-06 of the Board of Education of the School District, adopted on August 16, 1999, and approved by the voters of the District on September 28, 1999.

“Rebatable Arbitrage” means the amount (determinable as of the last day of each fifth Bond Year and upon retirement of the Bonds) of arbitrage profits payable to the United States at all times and in the amounts specified in Section 148(f) of the Code and any applicable Regulations.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.
“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the subaccount of the Special Tax Fund by that name established pursuant to Section 3.1 hereof.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District to the Depository as described in Section 2.12 hereof.

“Resolution of Formation” means, Resolution No. 99/00-15 adopted by the Board of Education of the School District on September 20, 1999, pursuant to which the School District formed the District.

“Resolution of Issuance” means Resolution No. 2016/17-09, duly adopted by the Board of Education of the School District, acting in its capacity as the legislative body of the District, on July 18, 2016.

“School District” means the Riverside Unified School District, Riverside, California.

“School District Representative” shall mean the President or Clerk of the Board, Superintendent or Chief Business Officer of the School District, or the written designee thereof, acting on behalf of the School District.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

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

“Special Taxes” means the taxes authorized to be levied by the District in accordance with the Resolution of Formation, the Act and the Rate and Method of Apportionment.

“Standard & Poor’s” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other national recognized rating agency designed by the District.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Surplus Fund” means the fund by that name established pursuant to Section 3.9 hereof.
“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Term Bonds” means the Bonds maturing on September 1, 20__, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Taxable Property” means the area within the boundaries of the District which is not exempt from application of the Special Tax by operation of law or the Rate and Method of Apportionment.

“Treasurer” means the Treasurer-Tax Collector of Riverside County.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1 Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds.
Under and pursuant to the Act, the Bonds in the principal amount of $15,550,000 shall be issued for the purposes of refunding the Refunded Bonds and paying Costs of Issuance. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the funds created hereunder, other than amounts in the Rebate Fund or the Administration Fund.

Section 2.2 Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the School District, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the School District or general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund pursuant to Section 3.3 hereof. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the School District or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the School District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the Board of Education of the School District nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.
Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or Parity Bonds or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3 Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from the Net Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund or the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Costs of Issuance Fund, or the Administration Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (i) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

Section 2.4 Description of Bonds; Interest Rates. The Bonds and any Parity Bonds shall be issued in fully registered form in Authorized Denominations. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Fiscal Agent. The Bonds shall be issued in the form of a single fully-registered Bond (which may be typewritten), and the ownership of each such Bonds shall be initially registered in the registration books maintained by the Fiscal Agent in the name of the Initial Purchaser, and subsequently in the name of any transferee(s) thereof authorized by Section 2.9 hereof. The Bonds shall not be initially issued as Book-Entry Bonds, and not initially bear CUSIP® numbers.

The Bonds shall be designated “COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT, 2016 SPECIAL TAX REFUNDING BONDS.” The Bonds shall be dated as of their Delivery Date and shall mature and be payable on March 1 and September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on March 1, 2017, and each Interest Payment Date thereafter:

<table>
<thead>
<tr>
<th>Period Ending September 1</th>
<th>Principal</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2034</td>
<td>$15,550,000</td>
<td>2.630%</td>
</tr>
</tbody>
</table>

DOCSSF/128453v6/200020-0012
Interest shall be payable on the Bonds and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of the Bonds or Parity Bond has been paid; provided, however, that if at the maturity date of the Bonds or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds or Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360 day year comprised of twelve 30 day months.

Notwithstanding anything herein to the contrary, so long as the Bonds are owned by the Original Purchaser, (i) the Fiscal Agent shall pay principal of and interest and redemption premium on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender of the Bonds by the Original Purchaser, and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the redemption of Bonds under Section 4.1(b).

Section 2.5 Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The remaining principal of the Bonds at maturity and the principal of any Parity Bonds and any premiums due upon the final redemption thereof shall be payable upon presentation and surrender thereof at the Corporate Trust Office of the Fiscal Agent in Los Angeles, California, or at the designated office of any successor Fiscal Agent; provided, however that to the extent Bonds or Parity Bonds are registered as Book-Entry Bonds, all payments with respect to the principal thereof shall be made and given, respectively, to the DTC as provided in the Representation Letter and in Section 2.12 hereof. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond or Parity Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on that Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond or Parity Bond, interest on that Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond, or any Sinking Fund Payments, shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest or Sinking Fund Payments shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Fiscal Agent on or before the applicable Record Date from an Owner of $1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.
Section 2.6 Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

All Restricted Bonds shall bear the following legend: THE OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE, INCLUDING THE DELIVERY TO THE FISCAL AGENT OF AN INVESTOR LETTER IN THE FORM REQUIRED BY THE INDENTURE, AND SUBJECT TO THE LIMITATION IN THE INDENTURE THAT THE TRANSFER OF THE BOND SHALL NOT CAUSE THE NUMBER OF OWNERS OF THE BONDS TO EXCEED 35. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT.

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

Section 2.7 Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board of Education and countersigned by the manual or facsimile signature of the Secretary or Clerk of the Board, or any duly appointed deputy clerk, in their capacity as officers of the District and attested by the signature of the Clerk of the Board. In case any one or more of the officers who shall have signed any of the Bonds or Parity Bonds cease to be such officer before the Bonds or Parity Bonds so signed have been authenticated and delivered by the Fiscal Agent (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds or Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed such Bonds or Parity 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 Exhibit A hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent.
Section 2.8 Bond Register. The Fiscal Agent will keep or cause to be kept, at the Corporate Trust Office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall be open to inspection by the District during all regular business hours upon reasonable prior notice, 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 and any Parity Bonds as herein provided.

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

Section 2.9 Registration, Exchange or Transfer.

(a) Subject specifically to the requirements of Section 2.9(b) herein, the registration of any Bond or Parity 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 or Parity Bond for cancellation at the Corporate Trust Office of the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

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

(b) Upon surrender for transfer of any Bond at the Corporate Trust Office of the Fiscal Agent, the Fiscal Agent shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of Authorized Denominations of the same maturity, series and type for the aggregate principal amount which the Bondowner is entitled to receive; provided that:

(i) Bonds shall only be sold and transferred to a transferee who is either (a) a “qualified institutional buyer” as defined in the Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or (b) an “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, and who has delivered to the Fiscal Agent an executed Investor Letter in substantially the form attached as Exhibit C hereto.
(ii) the Fiscal Agent shall not authenticate or register a Bond unless there shall have been delivered to the Fiscal Agent such an executed Investor Letter executed by the proposed transferee of each such Bond and, in the case of Book-Entry Bonds, neither DTC nor any Participant shall transfer any beneficial ownership interest in any such Bond unless the proposed Beneficial Bondowner to receive such beneficial interest shall have executed and delivered to DTC or Participant, as applicable, the executed Investor Letter; and

(iii) no transfer or exchange of a Restricted Bond shall be made (A) that would cause there to be more than 35 Beneficial Bondowners of such Restricted Bonds or (B) if the Restricted Bonds are not Book-Entry Bonds, that would cause there to be more than 35 Owners of such Restricted Bonds.

Section 2.10 Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond or Parity Bond shall become mutilated, the District, at the expense of the Bondowner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Fiscal Agent shall be cancelled by the Fiscal Agent pursuant to Section 10.1 hereof. If any Bond or Parity 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 any indemnity satisfactory to the Fiscal Agent shall be given, the District, at the expense of the Bondowner, shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bonds or Parity Bonds upon receipt of indemnification satisfactory to the Fiscal Agent.

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

Section 2.12 Book-Entry System. The Bonds shall not initially be issued as Book-Entry Bonds. The Bonds, and any Parity Bonds not issued as Book-Entry Bonds, may be subsequently registered as Book-Entry Bonds, and the ownership of each such Bond or Parity Bond shall be registered in the name of Cede & Co., as Nominee of DTC, in the registration books maintained by the Fiscal Agent.
With respect to Book-Entry Bonds registered in the name of the Nominee, the District and the Fiscal Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in Book-Entry Bonds. Without limiting the immediately preceding sentence, the District and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books maintained by the Fiscal Agent, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event the District redeems Book-Entry Bonds in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books maintained by the Fiscal Agent, of any amount with respect to principal of, premium, if any, or interest on Book-Entry Bonds. The District and the Fiscal Agent may treat and consider the Person in whose name each Book-Entry Bond is registered in the registration books maintained by the Fiscal Agent as the absolute Owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Book-Entry Bond, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest on Book-Entry Bonds only to or upon the order of the respective Owner, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to payment of principal of, premium, if any, and interest on Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner shall receive a Book-Entry Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Owner, Fiscal Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the term “Nominee” in this Indenture shall refer to such nominee of the Depository.

In order to qualify Bonds and any Parity Bonds as Book-Entry Bonds, the District shall register for the Depository’s book-entry system, and the District shall have executed and delivered a Representation Letter to the Depository. The execution and delivery of the Representation Letter shall not in any other way limit the provisions of this Section or in any other way impose upon the District any obligation whatsoever with respect to Persons having interests in Book-Entry Bonds other than the Owners. In a separate agreement, the Fiscal Agent shall have agreed to take all action necessary to ensure compliance with all representations of the District in the Representation Letter with respect to the Fiscal Agent at all times. In addition to the execution and delivery of the Representation Letter, the District shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository’s book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds or (ii) the Depository shall no longer so act and gives notice to the Fiscal Agent of such determination, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully-registered Bond and Parity Bond for each of the issues and maturities of the Bonds and Parity Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds and Parity Bonds shall no longer be Book-Entry Bonds restricted to being registered in the bond register.
in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging Bonds and Parity Bonds shall designate, in accordance with the provisions of Section 2.9 of this Indenture.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond or Parity Bond and all notices with respect to such Bond or Parity Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

At the direction of the District, the Fiscal Agent may take all necessary action to obtain a separate CUSIP® number in connection with qualifying Bonds or Parity Bonds for book-entry in accordance with the procedures of DTC.

Section 2.13 Issuance of Parity Bonds. Pursuant to this Section and the requirements of Section 9.2 hereof, the District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or Parity Bonds then outstanding.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS AND NET TAXES

Section 3.1 Creation of Funds. There is hereby created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

(1) The Community Facilities District No. 7 Special Tax Fund (the “Special Tax Fund”) in which there shall be established and created a Debt Service Account, a Redemption Account and a Surplus Funds Account;

(2) The Community Facilities District No. 7 Rebate Fund (the “Rebate Fund”) in which there shall be established a Rebate Account and an Alternative Penalty Account;

(3) The Community Facilities District No. 7 Costs of Issuance Fund (the “Costs of Issuance Fund”); and

(4) The Community Facilities District No. 7 Administration Fund (the “Administration Fund”).

The amounts on deposit in the foregoing funds and accounts shall be held by the Fiscal Agent; and the Fiscal Agent shall invest and disburse the amounts in such funds and accounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Section 3.11 hereof.
Section 3.2 Disposition of Bond Proceeds.

(a) The proceeds of the sale of the Bonds shall be received by the Fiscal Agent on behalf of the District, together with the following funds held by the Prior Fiscal Agent under the Prior Fiscal Agent Agreement:

(i) $908,627.18 shall be transferred from the Special Tax Fund held by the Prior Fiscal Agent pursuant to Section 3.04 of the Prior Fiscal Agent Agreement;

(ii) $1,134,913.12 shall be transferred from the Surplus Account held by the Prior Fiscal Agent pursuant to Section 3.04 of the Prior Fiscal Agent Agreement; and

(iii) $1,693,929.16 shall be transferred from the Reserve Fund held by the Prior Fiscal Agent pursuant to Section 4.03 of the Prior Fiscal Agent Agreement.

(b) Proceeds of the sale of the Bonds and the funds identified in paragraph (a) above shall be deposited as follows:

(1) $18,820,604.38 shall be transferred to the Escrow Bank for deposit into the Escrow Fund pursuant to the terms of the Escrow Agreement;

(2) $181,951.96 representing the amount of Costs of Issuance with respect to the Bonds shall be deposited in the Costs of Issuance Fund, and such amount shall be applied to the payment of Costs of Issuance for the Bonds; and

(3) $284,913.12 shall be deposited in the Surplus Fund.

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

Section 3.3 Deposits to and Disbursements from Special Tax Fund. The Treasurer shall, no later than the last day of each month during which the Special Taxes are apportioned to the District, transfer the Special Taxes to the Fiscal Agent, and Fiscal Agent shall deposit such Special Taxes in the Special Tax Fund for the Bonds and any Parity Bonds, to the Fiscal Agent, net of the following amounts (i) the Administrative Expense Requirement for the applicable Bond Year, which amounts shall be deposited in the Administration Fund and (ii) Special Tax Prepayments, which amounts shall be deposited in the Redemption Account of the Special Tax Fund to be applied in accordance with Section 3.6(b) hereof. Upon such deposit, the Fiscal Agent will then transfer the money on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) The Debt Service Account of the Special Tax Fund;

(2) The Administration Fund, the amount of Administrative Expenses in excess of the Administrative Expense Requirement;

(3) Rebate Fund; and

(4) Surplus Fund.
At any time following the deposit of Special Taxes in amount sufficient to make all of the foregoing deposits for the current Bond Year, amounts in excess thereof and remaining in the Special Tax Fund shall be applied to the prepayment of Bonds pursuant to Section 3.6(a) or transferred by the Fiscal Agent to the District to be used for any lawful purpose.

Section 3.4 Administration Fund. As referenced in Section 3.3 above, the Fiscal Agent shall deposit Special Taxes into the Administration Fund prior to the deposit to the Special Tax Fund an amount equal to the Administrative Expense Requirement for that Bond Year. Moneys in the Administration Fund may be invested in any Authorized Investments, provided that the maturity or maturities thereof shall not exceed 30 days from the date of purchase. In the event Administrative Expenses exceed the Administrative Expense Requirement in any Bond Year, after all deposits required pursuant to Sections 3.5, 3.6 and 3.7 below have been made for the then current Bond Year, the Fiscal Agent shall transfer from the Special Tax Fund to the Administration Fund the amount of Administrative Expenses in excess of the Administrative Expense Requirement, as directed in writing by an Authorized Representative.

Section 3.5 Debt Service Account of the Special Tax Fund. The principal or Sinking Fund Payment of, and interest on, the Bonds and Parity Bonds until maturity shall be paid by the Fiscal Agent from amounts transferred to the Debt Service Account of the Special Tax Fund. For the purpose of assuring that the payment of principal or Sinking Fund Payment of, and interest on, the Bonds and Parity Bonds will be made when due, at least one Business Day prior to each Interest Payment Date, the Fiscal Agent shall make the following transfers to the Debt Service Account; provided, however, that to the extent that deposits have been made in the Debt Service Account from the proceeds of the sale of the Bonds and Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made: an amount such that the balance in the Debt Service Account one (1) Business Day prior to each Interest Payment Date shall be equal to the installments of interest, principal and Sinking Fund Payments due on the Bonds and Parity Bonds on said Interest Payment Date. Moneys in the Debt Service Account shall be used for the payment of the interest, principal or Sinking Fund Payment of the Bonds and Parity Bonds as the same become due.

Section 3.6 Redemption Account of the Special Tax Fund.

(a) After making the deposit to the Debt Service Account of the Special Tax Fund pursuant to Section 3.5 above and in accordance with the District’s election to call Bonds or Parity Bonds for optional redemption as set forth in Section 4.1 hereof or any Supplemental Indenture, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal of and interest on the Bonds called for redemption, and the premiums payable as provided in Section 4.1 hereof or any Supplemental Indenture on the Bonds or Parity Bonds called for optional redemption one (1) Business Day prior to the redemption date.

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

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed;
provided, however, in lieu or partially in lieu of such call and redemption, upon receipt by the Fiscal Agent of written direction of the District to purchase Bonds, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, or, in the case of purchases to be made from funds to be applied to a redemption pursuant to Section 4.1, par plus accrued interest, plus premium, if any, in the case of moneys set aside for an optional redemption. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.7  Reserved.

Section 3.8  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. The District shall cause to be deposited in the Rebate Fund such amounts as required under the Tax Certificate. 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 in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 3.8 and the Tax Certificate.

Without limiting the generality of the foregoing, the District 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, which the District covenants to pay or cause to be paid to the United States at the times and in the amounts determined under the Tax Certificate. The Fiscal Agent agrees to comply with all instructions given to it by the District in accordance with this covenant. The Fiscal Agent shall conclusively be deemed to have complied with the provisions of this Section 3.8 if it follows the instructions of the District and shall not be required to take any actions hereunder in the absence of instructions from the District.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or Parity Bonds after payment in full of such issue and after making the payments required to comply with this Section 3.8 and the Tax Certificate may be withdrawn by the Fiscal Agent at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds or Parity Bonds.

(d) Amendment Without Consent of Owners. This Section 3.8 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 District 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 or Parity Bonds issued on a tax exempt basis. Notwithstanding any provision of this
Section, if the District shall provide to the Fiscal Agent an opinion of Bond Counsel that any specified action required under this Section 3.8 is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds or Parity Bonds, the Fiscal Agent and the District may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 3.9 Surplus Fund. There is hereby created and established the “Surplus Fund,” to be held by the Fiscal Agent. After making the transfers required by Sections 3.5, 3.6, and 3.8, as soon as practicable after each September 1, the Fiscal Agent shall transfer all remaining amounts in the Special Tax Fund for deposit in the Surplus Fund. Moneys deposited in the Surplus Fund may be transferred by the Fiscal Agent at the direction of the School District (i) to the Debt Service Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, and interest on the Bonds when due in the event that moneys in the Special Tax Fund are insufficient therefor, (ii) to the Administration Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administration Fund are insufficient to pay Administrative Expenses, or (iii) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds, the District shall segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a Yield not in excess of the Yield on the Bonds, unless, in the opinion of Bond Counsel, investment at a higher Yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds then Outstanding.

Section 3.10 Costs of Issuance Fund.

(a) The moneys in the Costs of Issuance Fund shall be applied exclusively to pay the Costs of Issuance for the Bonds. Amounts for Costs of Issuance shall be disbursed from the Costs of Issuance Fund by the Fiscal Agent only upon receipt of a sequentially numbered written requisition, substantially in the form attached hereto as Exhibit B from an Authorized Representative, or such other person as is designated in writing to the Fiscal Agent by the legislative body of the District.

(b) Upon (1) the final expenditure of all funds on deposit in the Costs of Issuance Fund, or (2) the earlier of March 1, 2017 or the receipt of a Certificate of an Authorized Representative, or his designee, that all or a specified portion of the amount remaining in the Costs of Issuance Fund is no longer needed to pay Costs of Issuance, the Fiscal Agent shall transfer all or such specified portion of the moneys remaining on deposit in such account to the Debt Service Account of the Special Tax Fund and close the Cost of Issuance Fund.

Section 3.11 Investments. Moneys held in any of the Funds and Accounts under this Indenture shall be invested by the Fiscal Agent at the written direction of the District in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all
times to be a part of such Funds and Accounts. Any loss resulting from such Authorized Investments shall be charged to the Fund or Account from which such investment was made, and any investment earnings on a Fund or Account shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund shall be deposited in that Fund, (ii) investment earnings on all amounts in the Rebate Fund shall be deposited in that Fund, and (iii) all other investment earnings shall be deposited in the Debt Service Account of the Special Tax Fund. Moneys in the Funds and Accounts held under this Indenture may be invested by the Fiscal Agent, upon the written direction of the District, from time to time, in Authorized Investments which written direction shall be made in accordance with the following restrictions:

(a) Moneys in the Accounts within the Costs of Issuance Fund may be invested in Authorized Investments which will by their terms mature, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Costs of Issuance Fund. Initially, moneys in the Costs of Issuance Fund shall be held uninvested.

(b) Moneys in the Debt Service Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature or are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Reserved.

(d) Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.8 hereof.

The Fiscal Agent, at the direction of the District, shall sell, or present for redemption, any Authorized Investments so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost. In making any valuations hereunder, the Fiscal Agent may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Fiscal Agent shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The Fiscal Agent may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for making such investment. The Fiscal Agent may sell at the best market price obtainable, or present for redemption, any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund or Account to which such Authorized Investment is credited, and, subject to the provisions of Section 7.4, the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Fiscal Agent may commingle the funds and accounts established hereunder, but shall account for each separately. In the absence of written investment direction the Fiscal Agent shall invest solely in Authorized Investments set forth in (d) of the definition thereof.
The District acknowledges that regulations of the Comptroller of the Currency grant the District the right to receive brokerage confirmations of security transactions to be effected by the Fiscal Agent hereunder as they occur. The District specifically waives the right to receive such confirmations to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which shall include detail for the investment transactions effected by the Fiscal Agent hereunder; provided, however, that the District retains its right to receive brokerage confirmation on any investment transaction requested by the District.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1 Redemption of Bonds.

(a) Optional Redemption. The Bonds are subject, at the option of the District, to call and redemption from any available source of funds prior to their stated maturity, on any Interest Payment Date on and after September 1, 2026, as a whole or in part, and by lot, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption.

(b) Mandatory Sinking Fund Redemption. The Bonds shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Debt Service Account, on March 1, 2017, and on each March 1 and September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term 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 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal Amount</th>
<th>Payment Date</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017</td>
<td>$400,000</td>
<td>March 1, 2026</td>
<td>$535,000</td>
</tr>
<tr>
<td>September 1, 2017</td>
<td>445,000</td>
<td>September 1, 2026</td>
<td>575,000</td>
</tr>
<tr>
<td>March 1, 2018</td>
<td>425,000</td>
<td>March 1, 2027</td>
<td>545,000</td>
</tr>
<tr>
<td>September 1, 2018</td>
<td>475,000</td>
<td>September 1, 2027</td>
<td>590,000</td>
</tr>
<tr>
<td>March 1, 2019</td>
<td>450,000</td>
<td>March 1, 2028</td>
<td>560,000</td>
</tr>
<tr>
<td>September 1, 2019</td>
<td>475,000</td>
<td>September 1, 2028</td>
<td>605,000</td>
</tr>
<tr>
<td>March 1, 2020</td>
<td>460,000</td>
<td>March 1, 2029</td>
<td>580,000</td>
</tr>
<tr>
<td>September 1, 2020</td>
<td>485,000</td>
<td>September 1, 2029</td>
<td>620,000</td>
</tr>
<tr>
<td>March 1, 2021</td>
<td>465,000</td>
<td>March 1, 2030</td>
<td>590,000</td>
</tr>
<tr>
<td>September 1, 2021</td>
<td>505,000</td>
<td>September 1, 2030</td>
<td>635,000</td>
</tr>
<tr>
<td>March 1, 2022</td>
<td>475,000</td>
<td>March 1, 2031</td>
<td>100,000</td>
</tr>
<tr>
<td>September 1, 2022</td>
<td>515,000</td>
<td>September 1, 2031</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2023</td>
<td>500,000</td>
<td>March 1, 2032</td>
<td>105,000</td>
</tr>
<tr>
<td>September 1, 2023</td>
<td>525,000</td>
<td>September 1, 2032</td>
<td>140,000</td>
</tr>
<tr>
<td>March 1, 2024</td>
<td>500,000</td>
<td>March 1, 2033</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2024</td>
<td>550,000</td>
<td>September 1, 2033</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2025</td>
<td>520,000</td>
<td>March 1, 2034</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2025</td>
<td>565,000</td>
<td>September 1, 2034</td>
<td>145,000</td>
</tr>
</tbody>
</table>
In the event the District shall elect to redeem Bonds as provided in this Section 4.1(a), the District shall give written notice to the Fiscal Agent of its election so to redeem, the redemption date and (other than redemptions pursuant to (b) above) the principal amount of the Bonds to be redeemed. The notice to the Fiscal Agent shall be given at least 45 but no more than 60 days prior to the redemption date or such shorter period as shall be acceptable to the Fiscal Agent in the sole determination of the Fiscal Agent, such notice for the convenience of the Fiscal Agent.

Special Tax Prepayments shall be allocated to the redemption of the Bonds to reduce each of the remaining Sinking Fund Payments as nearly as practicable on a pro rata basis.

(c) Special Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to Special Mandatory Redemption from Special Tax Prepayments as a whole, or in part, on any Interest Payment Date on and after March 1, 2017, and shall be redeemed by the Fiscal Agent, from Special Tax Prepayments deposited to the Redemption Account pursuant to Section 3.6(b), at a redemption price set forth below, together with accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017 to March 1, 2024</td>
<td>103%</td>
</tr>
<tr>
<td>September 1, 2024 and March 1, 2025</td>
<td>102</td>
</tr>
<tr>
<td>September 1, 2025 and March 1, 2026</td>
<td>101</td>
</tr>
<tr>
<td>September 1, 2026 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis.

(d) Purchase of Bonds. In lieu of payment at maturity or redemption, moneys in the Special Tax Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of a Certificate of an Authorized Representative requesting such purchase, at a public or private sale as and when, and at such prices (including brokerage and other charges) as such Certificate of an Authorized Representative may provide, but in no event will Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if the Bonds were to be redeemed in accordance with this Indenture.

Section 4.2 Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or integral multiples thereof, and, in selecting portions of such Bonds for redemption, the Fiscal Agent shall treat each such Bond as representing the number of Bonds of $5,000 denominations which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000; provided, however, in the event of a partial redemption of any Bond, such that the unrefunded portion thereof remaining outstanding following such partial redemption shall equal less than $100,000 of principal amount, then such unrefunded portion shall no longer be transferrable pursuant to Section 2.9 hereof. The Fiscal Agent shall promptly notify the District in writing of the Bonds, or portions thereof, selected for redemption.

Section 4.3 Notice of Redemption.
(a) When Bonds are to be called for redemption under Section 4.1, and in the case of an optional redemption or special mandatory redemption, if the Fiscal Agent has received the required notice from the District, the Fiscal Agent shall give notice, in the name and at the expense of the District, 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 surrender, if applicable, of the Bonds to be redeemed; (c) state the redemption price; (d) if applicable, 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 may state that redemption is contingent upon the availability of refunding bond proceeds. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 60 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption shall not be a condition precedent thereto, and neither the failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties, and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

(b) In connection with the redemption of Book-Entry Bonds, and in addition to the foregoing notice, further notice shall be given by the Fiscal Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each such further notice of redemption shall be sent not later than the date that notice of redemption is mailed to the Bondowners pursuant to the first paragraph of this Section by registered or certified mail, facsimile transmission or overnight delivery service to the Depository and to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Book-Entry Bonds as determined by the Fiscal Agent and to one or more of the national information services that the Fiscal Agent determines are in the business of disseminating notice of redemption of obligations such as Book-Entry Bonds.

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

Section 4.4 Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity.
Section 4.5  Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3, 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 Indenture, anything in this Indenture or in the Bonds to the contrary notwithstanding;

(b) The redemption price of such Bonds shall be paid to the Owners thereof; provided that, in the case of redemption of Bonds pursuant to Sections 4.1(a) or 4.1(c), such redemption shall be paid upon presentation and surrender of such Bonds at the Corporate Trust Office of the Fiscal Agent;

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

(d) As of the date fixed for redemption no Owner of any of the Bonds, or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture, 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

COVENANTS AND WARRANTY

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

Section 5.2  Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Gross Taxes in trust and will deposit the Gross Taxes with the Fiscal Agent, as provided in Section 3.3, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Gross Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity 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 Parity Bonds and in accordance with this Indenture to the extent that Net Taxes are available therefor, and
that the payments into the Funds and Accounts created hereunder will be made all in strict
conformity with the terms of the Bonds and Parity Bonds and this Indenture, and that it will faithfully
observe and perform all of the conditions, covenants and requirements of this Indenture and of the
Bonds and Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge
upon any of the Gross Taxes, except as provided in this Indenture, and (except as set forth herein)
will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on
a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from
issuing or incurring indebtedness which is payable from a pledge of Special Taxes which is
subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy and Collection of Special Tax. Subject to the maximum Special Tax
rates, the District will comply with all requirements of the Act so as to assure the timely collection of
the Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

On or before each June 1, commencing June 1, 2017, the Fiscal Agent shall provide a
written notice to the District stating the amounts then on deposit in the various funds and accounts
established by the Fiscal Agent pursuant to this Indenture. The receipt of such notice by the District
shall in no way affect the obligations of the District under the following paragraphs. Upon receipt of
a copy of such notice, the District shall communicate with the Treasurer or other appropriate official
of Riverside County to ascertain the relevant parcels on which the Special Taxes are to be levied,
taking into account any parcel splits during the preceding and then current year.

The District shall retain an Independent Financial Consultant to assist in the levy of
the Special Taxes each Fiscal Year, commencing with Fiscal Year 2017-18, such that the
computation of the levy is complete before the final date on which the Treasurer of Riverside County
will accept the transmission of the Special Tax amounts for the parcels within the District for
inclusion on the next secured tax roll. Upon the completion of the computation of the amounts of the
levy, and approval by the legislative body of the District, the District shall prepare or cause to be
prepared, and shall transmit to the Treasurer of Riverside County, such data as the Treasurer of
Riverside County requires to include the levy of the Special Taxes on the next secured tax roll.

The District shall fix and levy the amount of Special Taxes within the District
required for the payment of principal of and interest on Outstanding Bonds and Parity Bonds
becoming due and payable during the ensuing year, an amount equal to the estimated Administrative
Expenses and any additional amounts necessary for expenses incurred in connection with
administration or enforcement of delinquent Special Taxes. The District further covenants that it will
take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the
District’s authority to levy the Special Tax for so long as the Bonds and Parity Bonds are
Outstanding, including the initiation of proceedings under the Act to reduce the Maximum Special
Tax rates (the “Maximum Rates”) on Developed Property below the amounts which are necessary to
pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten
percent (110%) of Maximum Annual Debt Service on the Outstanding Bonds and Parity Bonds. For
purposes of this covenant, Developed Property is as defined in the Rate and Method of
Apportionment.

The Special Taxes shall be payable and collected in the same manner and at the same
time and in the same installment as the general taxes on real property are payable, and have the same
priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property; provided, the legislative body of the District may provide for direct collection of the Special Taxes in certain circumstances.

The fees and expenses of the Independent Financial Consultant retained by the District to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amount received, as well as the costs and expenses of the District (including a charge for District staff time) in conducting its duties hereunder, shall be an Administrative Expense hereunder.

(c) Commence Foreclosure Proceedings. Pursuant to Section 53356.1 of the Act, the District hereby covenants with and for the benefit of the owner of the Bonds and Parity Bonds that it will order, and cause to be commenced as hereinafter provided and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs.

On or about July 1st of each Fiscal Year, an Authorized Representative shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Taxes theretofore received by the District, and:

(A) Individual Delinquencies. If such Authorized Representative determines that parcels under common ownership subject to the Special Tax in the District are delinquent in the payment of Special Taxes in the aggregate amount of $5,000 or more, then such Authorized Representative shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the District within 90 days of such determination.

(B) Aggregate Delinquencies. If the Authorized Representative determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the District shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

Special Taxes collected as a result of a foreclosure proceeding shall be deposited in the Special Tax Fund and only inure to the benefit of the Bonds and Parity Bonds in the manner provided in Section 3.3 hereof.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or any part thereof, or upon any funds in the hands of the Fiscal Agent, or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided however that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.
(e) **Books and Accounts.** The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the improvements constructed with the proceeds of bonded indebtedness issued by the District, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Bonds or the Owners of not less than ten percent (10%) of the principal amount of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) **Federal Tax Covenants.** Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis will not be adversely affected, the District 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:

1. **Private Activity.** The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

2. **Arbitrage.** The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

3. **Federal Guaranty.** The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

5. **Hedge Bonds.** The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

6. **Miscellaneous.** The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.
(7) **Other Tax Exempt Issues.** The District will not use proceeds of other
tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written
opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal
income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

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

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

(i) **Continuing Disclosure.** So long as the Bonds remain Outstanding, within 270
days of the end of each Fiscal Year, the District shall provide the Bondowner with: (1) an annual
audited financial statement prepared in accordance with generally accepted accounting principles as
promulgated to apply to government entities from time to time by the Governmental Accounting
Standards Board; and (2) any information not already included under the foregoing item (1) that the
District is required to file in its annual report to the California Debt and Investment Advisory
Commission pursuant to the provisions of the Act. All information required to be provided by the
District pursuant to this Section 5.2(i) may be furnished to the Bondowner or to the Electronic
Municipal Market Access website of the Municipal Securities Rulemaking Board (“EMMA”),
together with notice to the Bondowner that information required by this section has been posted on
EMMA. Notwithstanding any other provision of this Indenture, failure of the District to comply with
this Section 5.2(i) shall not be considered an Event of Default; however, any Bondowner or
Beneficial Owner may take such actions as may be necessary and appropriate, including seeking
mandate or specific performance by court order, to cause the District to comply with its obligations
under this Section 5.2(i). For purposes of this Section, “Beneficial Owner” means any person which
(a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership
of, any Bond (including persons holding Bonds through nominees, depositaries or other
intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

(j) **Further Assurances.** The District shall make, execute and deliver any and all
such further agreements, instruments and assurances as may be reasonably necessary or proper to
carry out the intention or to facilitate the performance of this Indenture and for the better assuring
and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits
provided in this Indenture.
ARTICLE VI

AMENDMENTS TO INDENTURE

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

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

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to modify, amend or supplement this Indenture 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, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding;

(d) to modify, alter or amend the Rate and Method of Apportionment in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property (as defined in the Rate and Method of Apportionment) below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds Outstanding as of the date of such amendment;

(e) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners; provided that any amendment or supplement to this Indenture which will affect the Fiscal Agent’s duties or protections set forth hereunder shall be effective only upon written consent of the Fiscal Agent; or

(f) to issue Parity Bonds in accordance with Section 2.13 hereof.

Section 6.2 Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures set forth in Section 6.1, the Owners of not less than a majority of in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; 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 or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any
other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

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

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3 Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of his Bond or Parity Bond for the purpose at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each
Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

**ARTICLE VII**

**FISCAL AGENT**

**Section 7.1 Fiscal Agent.** U.S. Bank National Association, having a corporate trust office in Los Angeles, California, is hereby appointed Fiscal Agent for the District for the purpose of receiving all money which the District is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Indenture. In the event that the District fails to deposit with the Fiscal Agent any amount due hereunder when due, the Fiscal Agent shall provide telephonic notice to the District and shall confirm the amount of such shortfall in writing to the extent such amount is known to the Fiscal Agent.

The Fiscal Agent is hereby authorized to and shall mail by first class mail, postage prepaid, or pay by wire transfer as provided in Section 2.5 hereof, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Fiscal Agent shall deliver to the District a monthly accounting of the Funds and Accounts it holds under this Indenture; provided, however, that the Fiscal Agent shall not be obligated to deliver such accounting for any Fund or Account that has a balance of zero. The Fiscal Agent may establish such Funds and Accounts as it deems necessary or appropriate to perform its obligations hereunder.

The Fiscal Agent is hereby authorized to redeem 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 in accordance with the provisions of Section 10.1 hereof.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Fiscal Agent, its officers, directors, employees and agents, harmless from and against costs, claims, expenses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The obligations of the District under this Section shall survive the discharge of the Bonds and the resignation or removal of the Fiscal Agent.

**Section 7.2 Removal of Fiscal Agent.** The District may at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having 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. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 7.3 Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within thirty (30) days after the Fiscal Agent shall have given to the District and the Owners written notice, the Fiscal Agent, at the expense of the District, or the District may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent, which successor shall be acceptable to the District.

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

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

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond or Parity 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 Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the
Fiscal Agent for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

No provision of this Indenture or any other document related hereto shall require the Fiscal Agent to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

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

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

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1 Events 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 or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

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

(c) Except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Fiscal Agent or the Owners of twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

Section 8.2 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 rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or
By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in this Article or in any other provision of this Indenture, the Bonds or Parity Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners thereof at the respective dates of maturity, as herein provided, out of the Net Taxes 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 Parity Bonds and in this Indenture. The principal of the Bonds and Parity Bonds shall not be subject to acceleration hereunder.

A waiver of any default or 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 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 District 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 Act or any other law.

In case the moneys held by the Fiscal Agent after an Event of Default pursuant to Section 8.1(a) or (b) shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and Parity Bonds, then all available amounts shall be applied to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**ARTICLE IX**

**DEFEASANCE**

**Section 9.1 Defeasance.** If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds
pursuant to this Section, upon payment of all amounts owed by the District to the Fiscal Agent hereunder, the Fiscal Agent shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall, after payment of amounts payable to the Fiscal Agent hereunder, pay over or deliver to the District’s general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the interest due on and the principal of such Bonds and Parity Bonds.

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

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by irrevocably depositing with the Fiscal Agent, or such other escrow agent as shall be selected by the District, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund are available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by irrevocably depositing with the Fiscal Agent, or such other escrow agent as shall be selected by the District, direct, noncallable Federal Securities, of the type defined in the definition thereof set forth in Section 1.1 hereof, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund are available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable;

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) relating to compliance with the Code. Notice of such election shall be filed with the Fiscal Agent not less than thirty (30) days prior to the proposed defeasance date. In connection with a defeasance under (b) or (c) above, there shall be provided to the Fiscal Agent a certificate of a certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of and interest on all Outstanding Bonds or Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bond being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture. Upon a defeasance, the Fiscal Agent, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Fiscal Agent shall pay over or deliver to the District any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the
principal of or interest on the Bonds and Parity Bonds when due and any fees and expenses of the Fiscal Agent remaining unpaid. The Fiscal Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds and Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Section 9.2 Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Fiscal Agent; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;
(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in a reserve account of the Special Tax Fund to increase the amount therein to the any reserve requirement of such Parity Bonds;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

c) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Fiscal Agent (unless the Fiscal Agent shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors’ rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors’ rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in the total Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and
such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.1 Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Fiscal Agent for payment upon maturity and, except for sinking fund redemption, for redemption shall, upon payment therefor and any Bond or Parity Bond purchased by the District as authorized herein shall be cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds and Parity Bonds, as provided by law, and, upon written request from the District, furnish to the District a certificate of such destruction.

Section 10.2 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

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

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

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

Section 10.3 Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding and subject to the escheat laws of the State, any money held by the Fiscal Agent for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain
unclaimed for two (2) years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Fiscal Agent at such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the said date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Fiscal Agent to the District, 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 District for the payment of such Outstanding Bonds and Parity Bonds; provided, however, that, before being required to make any such payment to the District or the Fiscal Agent shall, at the expense of the District, cause to be mailed to the registered Owners of such Outstanding Bonds and Parity Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be 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 District.

Section 10.4 Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Fiscal Agent, then the District, 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 Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5 Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which are subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes as defined herein.

Section 10.6 Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

Section 10.7 Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture 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 Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8 Notices.
(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Indenture or the Bonds must be in writing except as expressly provided otherwise in this Indenture or the Bonds.

(b) Any notices required to be given to the District with respect to the Bonds, or by the Fiscal Agent pursuant this Indenture, shall be mailed, first class, postage prepaid or personally delivered to the following:

1. To the District:

   Community Facilities District No. 7 of the Riverside Unified School District  
c/o Riverside Unified School District  
3380 14th Street  
Riverside, California 92501  
Attention: Chief Business Officer  
Telephone: (951) 788-7135

2. To the Fiscal Agent:

   U.S. Bank National Association  
633 W. Fifth Street, 24th Floor,  
Los Angeles, California 90071  
Phone: (213) 615-6005  
Attention: Global Corporate Trust Services  
Ref: Riverside Unified School District Community Facilities District No. 7.

3. To the Initial Purchaser:

   Sterling National Bank  
1412 Broadway, 7th Floor  
New York, New York 10018  
Attention: NYC Team 114

Section 10.9 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 Indenture, 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 Indenture.
SIGNED AND APPROVED as of the day and year first written above by the Chief Business Officer of the Riverside Unified School District, acting on behalf of COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT and attested to by the Director, Business Services and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the duties of the Fiscal Agent created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

By:  
Chief Business Officer  
Riverside Unified School District

ATTEST:

Director, Business Services  
Riverside Unified School District

U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By:  
Authorized Officer
SIGNED AND APPROVED as of the day and year first written above by the Chief Business Officer of the Riverside Unified School District, acting on behalf of COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT and attested to by the Director, Business Services and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the duties of the Fiscal Agent created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

By: ____________________________
    Chief Business Officer
    Riverside Unified School District

ATTEST:

______________________________
Director, Business Services
Riverside Unified School District

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

By: ____________________________
    Authorized Officer
EXHIBIT A

[FORM OF BOND]

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE DEFINED HEREIN, INCLUDING THE DELIVERY TO THE FISCAL AGENT OF AN INVESTOR LETTER IN THE FORM REQUIRED BY THE INDENTURE, AND SUBJECT TO THE LIMITATION IN THE INDENTURE THAT THE TRANSFER OF THE BOND SHALL NOT CAUSE THE NUMBER OF OWNERS OF THE BONDS TO EXCEED 35. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT

No. 1 $15,550,000

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT
2016 SPECIAL TAX REFUNDING BONDS

INTEREST RATE MATURITY DATE DATED DATE
2.630% September 1, 2034 August 2, 2016

REGISTERED OWNER: STERLING NATIONAL BANK

PRINCIPAL AMOUNT: FIFTEEN MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT (the “District”), situated in the Riverside Unified School District, located in the County of Riverside, State of California (the “School District”), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof to which interest has been paid or duly provided in full, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above; provided,
However, that if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each, an “Interest Payment Date”), commencing March 1, 2017, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of this Bond is payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association (the “Fiscal Agent”), provided that so long as this Bond is owned by Sterling National Bank or any of its subsidiaries, this Bond will not be required to be presented and surrendered to the Fiscal Agent at any time prior to the final maturity thereof. Interest on this Bond shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, or, upon request of any Registered Owner of at least $1,000,000 of Bonds, by wire transfer to an account in the continental United States of the Registered Owner hereof prior to the Record Date as of the close of business on the fifteenth day of the month preceding an Interest Payment Date (the “Record Date”) at such Registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent.

This Bond represents the entire, duly authorized issue of “Community Facilities District No. 7 of the Riverside Unified School District, 2016 Special Tax Refunding Bonds” (the “Bonds”) issued in the principal amount of $15,550,000 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the “Act”), for the purpose of refunding the District’s 2006 Special Tax Refunding Bonds, and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by Resolution No. 2016/17-09 adopted by the Board of Education of the Riverside Unified School District, acting in its capacity as the legislative body of the District (the “Legislative Body”) on July 18, 2016, and a Bond Indenture dated as of August 1, 2016, by and between the District and U.S. Bank National Association, as Fiscal Agent, executed in connection therewith (the “Indenture”), and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District and which are pledged to the repayment of the Bonds (the “Special Taxes”). Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts on deposit in the Special Tax Fund, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.
The Bonds are subject, at the option of the District, to call and redemption from any available source of funds prior to their stated maturity, on any Interest Payment Date on and after September 1, 2026, as a whole or in part, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption.

The Bonds shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Debt Service Account, on March 1, 2017, and on each March 1 and September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term 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:

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal Amount</th>
<th>Payment Date</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017</td>
<td>$400,000</td>
<td>March 1, 2026</td>
<td>$535,000</td>
</tr>
<tr>
<td>September 1, 2017</td>
<td>445,000</td>
<td>September 1, 2026</td>
<td>575,000</td>
</tr>
<tr>
<td>March 1, 2018</td>
<td>425,000</td>
<td>March 1, 2027</td>
<td>545,000</td>
</tr>
<tr>
<td>September 1, 2018</td>
<td>475,000</td>
<td>September 1, 2027</td>
<td>590,000</td>
</tr>
<tr>
<td>March 1, 2019</td>
<td>450,000</td>
<td>March 1, 2028</td>
<td>560,000</td>
</tr>
<tr>
<td>September 1, 2019</td>
<td>475,000</td>
<td>September 1, 2028</td>
<td>605,000</td>
</tr>
<tr>
<td>March 1, 2020</td>
<td>460,000</td>
<td>March 1, 2029</td>
<td>580,000</td>
</tr>
<tr>
<td>September 1, 2020</td>
<td>485,000</td>
<td>September 1, 2029</td>
<td>620,000</td>
</tr>
<tr>
<td>March 1, 2021</td>
<td>465,000</td>
<td>March 1, 2030</td>
<td>590,000</td>
</tr>
<tr>
<td>September 1, 2021</td>
<td>505,000</td>
<td>September 1, 2030</td>
<td>635,000</td>
</tr>
<tr>
<td>March 1, 2022</td>
<td>475,000</td>
<td>March 1, 2031</td>
<td>100,000</td>
</tr>
<tr>
<td>September 1, 2022</td>
<td>515,000</td>
<td>September 1, 2031</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2023</td>
<td>500,000</td>
<td>March 1, 2032</td>
<td>105,000</td>
</tr>
<tr>
<td>September 1, 2023</td>
<td>525,000</td>
<td>September 1, 2032</td>
<td>140,000</td>
</tr>
<tr>
<td>March 1, 2024</td>
<td>500,000</td>
<td>March 1, 2033</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2024</td>
<td>550,000</td>
<td>September 1, 2033</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2025</td>
<td>520,000</td>
<td>March 1, 2034</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2025</td>
<td>565,000</td>
<td>September 1, 2034</td>
<td>145,000</td>
</tr>
</tbody>
</table>

In the event the District shall elect to redeem Bonds as provided in Section 4.1(a) of the Indenture, the District shall give written notice to the Fiscal Agent of its election so to redeem, the redemption date and (other than redemptions pursuant to Section 4.1(b) of the Indenture) the principal amount of the Bonds to be redeemed. The notice to the Fiscal Agent shall be given at least 45 but no more than 60 days prior to the redemption date or such shorter period as shall be acceptable to the Fiscal Agent in the sole determination of the Fiscal Agent, such notice for the convenience of the Fiscal Agent.

Special Tax Prepayments shall be allocated to the redemption of the Bonds to reduce each of the remaining Sinking Fund Payments as nearly as practicable on a pro rata basis.
The Bonds are subject to Special Mandatory Redemption from Special Tax Prepayments as a whole, or in part, on any Interest Payment Date on and after March 1, 2017, and shall be redeemed by the Fiscal Agent, from Special Tax Prepayments deposited to the Redemption Account pursuant to Section 3.6(b) of the Indenture, at a redemption price set forth below, together with accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017 to March 1, 2024</td>
<td>103%</td>
</tr>
<tr>
<td>September 1, 2024 and March 1, 2025</td>
<td>102</td>
</tr>
<tr>
<td>September 1, 2025 and March 1, 2026</td>
<td>101</td>
</tr>
<tr>
<td>September 1, 2026 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

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

The Bonds are issuable only in fully-registered form in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

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

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.
The principal of this Bond is not subject to acceleration.

If the District shall pay or cause to be paid to the Owner of this Bond the interest due hereon and the principal hereof, at the times and in the manner stipulated herein and in the Indenture, or if there has been deposited with the Fiscal Agent moneys or investment securities, which together with the interest to accrue thereon without further investment, will be fully sufficient to pay and discharge the principal of, premium, if any, and interest on all Bonds Outstanding as and when the same shall become due and payable, then the Owner of this Bond shall cease to be entitled to the pledge of Net Taxes under the Indenture, and all covenants, agreements and other obligations of the District to the Owner of this Bond under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT FOR WHICH THE RIVERSIDE UNIFIED SCHOOL DISTRICT OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE VICTOR ELEMENTARY SCHOOL DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 7 of the Riverside Unified School District has caused this Bond to be dated as of the Dated Date, to be executed on behalf of the District by the President of the Board of Education of the Riverside Unified School District by facsimile signature and attested by the facsimile signature of the [Secretary/Clerk] of the Board.

ATTEST:

President of the Board of Education of the Riverside Unified School District, acting as the legislative body of Community Facilities District No. 7 of the Riverside Unified School District

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: August 2, 2016

U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By: __________________________________________

Authorized Officer

A-6
[FORM OF LEGAL OPINION]

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

Secretary to the Board of Education of the Riverside Unified School District, acting as the legislative body of Community Facilities District No. 7 of the Riverside Unified School District

[FORM OF ASSIGNMENT]

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

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

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

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

Dated: _________________

Signature Guarantee:

Notice: Signature(s) must be guaranteed by a qualified guarantor.

Notice: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.
EXHIBIT B

FORM OF REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE

COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT
2016 SPECIAL TAX REFUNDING BONDS

The undersigned, a duly authorized representative of the Riverside Unified School District (the “School District”), on behalf of Community Facilities District No. 7 of the Riverside Unified School District (the “District”), hereby certifies to U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”) for purposes of disbursing funds from the Costs of Issuance Fund to pay Costs of Issuance that:

(1) The Fiscal Agent is to pay to the payees set forth on Schedule A hereto the amount set forth next to each payee’s name for the item described on Schedule A hereto;

(2) The conditions to the release of these amounts from the Costs of Issuance Fund have been satisfied; and

(3) There has not been filed with or served upon the School District or District notice of any lien, right to lien or attachment upon, stop notice or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on Schedule A hereto which has not been released or will not be released simultaneously with the payment of such amounts, other than materialmen’s or mechanic’s liens accruing by mere operation of law.

Dated: ____________________________

RIVERSIDE UNIFIED SCHOOL DISTRICT,
ON BEHALF OF COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT

By: ________________________________

Authorized Representative
<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount Due</th>
<th>Purpose of Expenditure</th>
</tr>
</thead>
</table>

B-2
Board of Education
Community Facilities District No. 7
of the Riverside Unified School District
Riverside, California

U.S. Bank National Association
Los Angeles, California

Re: $15,550,000 Community Facilities District No. 7 of the Riverside Unified School District, 2016 Special Tax Refunding Bonds

Ladies and Gentlemen:

The undersigned, an authorized representative of Sterling National Bank (the “Purchaser”) hereby represents and warrants to you as follows:

1. The Purchaser has purchased on the date hereof, the above-referenced bonds (the “Bonds”) issued pursuant to the Indenture (the “Indenture”) dated as of August 1, 2016, by and between the Community Facilities District No. 7 of the Riverside Unified School District (the “District”) and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Indenture.

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general, and the acquisition of privately-placed financial instruments in particular, to enable the Purchaser to evaluate the Bonds, the credit of the District, the collateral and the Bond terms and that the Purchaser will make its own independent credit analysis and decision to purchase the Bonds based on an independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on the District or their affiliates, its directors, officers, employees, attorneys or agents.

3. The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Bonds.

4. The Purchaser acknowledges that no official statement has been prepared for the Bonds, that the offering and sale of the Bonds are exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, pursuant to Section (d) of said Rule, and that the District will not be entering into a continuing disclosure agreement to provide ongoing disclosure respecting the Bonds. The Purchaser has been offered copies of or full access to all documents relating to the Bonds and all records, reports, financial statements and other information concerning the District and pertinent to the source of payment for
the Bonds as deemed material by the Purchaser, which the Purchaser has requested and to which the Purchaser would attach significance in making an acquisition decision.

5. The Purchaser confirms that its acquisition of the Bonds constitutes an acquisition that is suitable for and consistent with its loan portfolio and that the Purchaser is able to bear the economic risk of the acquisition of the Bonds, including a complete loss of such investment.

6. The Purchaser is purchasing the Bonds for not more than one account, solely for its own loan account, and not with a present view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser’s property will remain at all times within its control). Because the Purchaser intends to treat the acquisition of the Bonds as a loan and hold the Bonds in its loan portfolio, the Purchaser has not directed or requested a CUSIP number for the Bonds, or applied for eligibility for the Bonds with The Depository Trust Company (DTC).

7. The Purchaser understands that (i) the Bonds (a) have not been registered under the Securities Act of 1933 (the “Securities Act”), (b) have not been registered or qualified under any state securities or “Blue Sky” laws, and (ii) the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended.

8. The Purchaser has been furnished with and has examined the Bonds, the Resolution and other documents, certificates and the legal opinions delivered in connection with the issuance of the Bonds.

9. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and is authorized to invest in the Bonds being purchased hereby. The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser’s behalf.

10. The Purchaser is a “qualified institutional buyer” (a “Qualified Institutional Buyer”) within the meaning of Rule 144A promulgated under the Securities Act, or an “accredited investor” (an “Institutional Accredited Investor”) as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

11. The Purchaser understands and agrees that ownership of a Bond may be transferred (i) only to a Person that the Purchaser reasonably believes is either (A) a Qualified Institutional Buyer that is purchasing such Bond for not more than one account, for their own account and not with a view to distributing such Bond, or (B) an Institutional Accredited Investor that is purchasing such Bond for not more than one account for investment purposes and not with a view to distributing such Bond, and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the District a completed and duly executed Bond Purchaser Letter substantially in the form hereof.

12. The Purchaser understands that the District, and its bond counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.
IN WITNESS WHEREOF, the Purchaser has executed this Investor Letter as of the date set forth below.

Very truly yours,

STERLING NATIONAL BANK

By: _________________________________
Name: _______________________________
Title: _______________________________

C-3
# EXHIBIT D

## DEBT SERVICE SCHEDULE

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$15,550,000
COMMUNITY FACILITIES DISTRICT NO. 7
OF THE
RIVERSIDE UNIFIED SCHOOL DISTRICT
2016 SPECIAL TAX REFUNDING BONDS

BOND PURCHASE AGREEMENT

July 19, 2016

Board of Education, Riverside Unified School District,
As the Legislative Body of
Community Facilities District No. 7 of the
Riverside Unified School District
3380 14th Street
Riverside, California 92501

Honorable Members of the Legislative Body:

Sterling National Bank, as purchaser (the “Purchaser”) offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with Community Facilities District No. 7 of the Riverside Unified School District (the “District”), which upon acceptance by the respective parties will be binding upon the Purchaser and the District. The agreement of the Purchaser to purchase the Bonds (as hereinafter defined) is contingent upon the District and Riverside Unified School District (the “School District”) satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the District’s acceptance by the execution of this Purchase Agreement and its delivery to the Purchaser at or before 11:59 p.m., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchaser upon notice delivered to the District at any time prior to the acceptance hereof by the District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of August 1, 2016 (the “Indenture”), by and between the District and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”).

1. Purchase, Sale and Delivery of the Bonds.

A. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the District and the District hereby agrees to sell to the Purchaser $15,550,000 aggregate principal amount of the Community Facilities District No. 7 of the Riverside Unified School District 2016 Special Tax Refunding Bonds (the “Bonds”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Appendix A hereto. The purchase price for the Bonds shall be $15,550,000. The Bonds have been placed for purchase with the Purchaser by Piper Jaffray & Co., in its capacity as placement agent (the “Placement Agent”) pursuant to an agreement (the “Placement Agent Agreement”) by and between the District and the Placement Agent.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes as provided in, the Indenture and the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the
Government Code of the State of California (the “Act”). The issuance of the Bonds has been duly authorized by the District pursuant to Resolution No. 2016/17-09, adopted by the Board of Education of the School District, acting as the legislative body of the District (the “Legislative Body”), on July 18, 2016 (the “Resolution of Issuance”).

B. The Bonds are being issued by the District to refund the District’s currently outstanding 2006 Special Tax Refunding Bonds (the “Refunded Bonds”) and to pay the costs of issuance associated therewith. To secure payment when due pursuant to the stated maturity or call for redemption the principal of and interest and premium, if any, with respect to the Refunded Bonds, the proceeds of the Bonds will be deposited into an escrow fund (the “Escrow Fund”) held by U.S. Bank National Association, in its capacity as escrow agent (the “Escrow Agent”) pursuant to an escrow agreement, dated as of August 1, 2016 (the “Escrow Agreement”) by and between the District and the Escrow Agent.

C. The District hereby acknowledges that the Purchaser is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the District herein, and the District shall take all action necessary to enforce its rights hereunder for the benefit of the Purchaser and shall immediately notify the Purchaser if it becomes aware that any representation, warranty or agreement made by the District herein is incorrect in any material respect.

D. Except as the Purchaser and the District may otherwise agree, the District will deliver to the Purchaser, at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”) in San Francisco, California, or at such other location as may be mutually agreed upon by the Purchaser and the District, the documents hereinafter mentioned; and the District will deliver to the Purchaser the Bonds in definitive form, duly executed by the District and authenticated by the Fiscal Agent in the manner provided for in the Indenture and the Act at 9:00 a.m. Pacific time, on August 2, 2016 (the “Closing Date”), and the Purchaser will accept such delivery and payment of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall not be initially in registered in book-entry form, and shall instead be registered in the name of the Purchaser, with specimen forms of the Bonds to be made available for approval by the Purchaser not less than 2 days prior to the Closing. The Bonds will not initially bear CUSIP® numbers.

2. Representations, Warranties and Covenants of the District. The District represents, warrants and covenants to the Purchaser that:

A. The School District is a unified school district duly organized and existing under the Constitution and laws of the State and has duly authorized the formation of the District pursuant to Resolution No. 99/00-15, adopted by the Legislative Body, on September 20, 1999 (the “Resolution of Formation” and, together with the Resolution of Issuance, the “District Resolutions”) and the Act. The Legislative Body has duly adopted the Resolution of Formation and has caused to be recorded in the real property records of the County of Riverside, a notice of special tax lien (the “Notice of Special Tax Lien,” and together with the Resolution of Formation, the “Formation Documents”). Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended or rescinded, in whole or in part. The District is duly organized and validly existing as a Community Facilities District under the laws of the State. The District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement and the Indenture and to carry out all transactions contemplated by each of such agreements; (ii) to enter into the Escrow Agreement; and (iv) to carry out, give effect to and consummate the transactions contemplated by the Resolution of Issuance, the Indenture, the Escrow Agreement, and this Purchase Agreement.
This Purchase Agreement, the Indenture, and the Escrow Agreement are collectively referred to herein as the “District Documents.”

B. By all necessary official action of the District, the District has duly authorized and approved the execution and delivery by the District of, and the performance by the District of, the obligations on its part contained in, the District Documents, and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended (except as otherwise disclosed herein), modified or rescinded, in whole or in part. Assuming the valid authorization, execution and delivery by the other parties thereto, the District Documents will constitute the legally valid and binding obligations of the District enforceable upon the District in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally.

C. As of the time of acceptance hereof, the District and the School District, as applicable, have each complied, in all material respects, with the Formation Documents and the District Documents, and any immaterial noncompliance by the District or the School District, if any, will not impair the ability of the District or the School District, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of its Bonds, the District will continue to comply with the covenants thereof contained in the District Documents.

D. The District is not, and as of the Closing Date, will not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound; and, to the District’s knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on the District’s ability to perform its obligations under the District Documents; and as of such times, the authorization, execution and delivery of the District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the District of its obligations under the District Documents or the performance of the conditions precedent to be performed by the District pursuant to this Purchase Agreement.

E. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the District of its obligations under the District Documents, and the performance of the conditions precedent to be performed by the District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.
F. At the time of acceptance hereof there is, and as of the Closing there will be, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “Action”) pending (notice of which has been served on the District or the School District) or to the best knowledge of the School District or the District threatened, in which any such Action: (i) in any way questions the powers of the Board of Education of the School District with respect to the District or the existence of the District or the titles of the officers of the District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the District Documents or the consummation of the transactions on the part of the District contemplated thereby; (iii) contests the exclusion of interest on the Bonds from federal or State income taxation or contests the powers of the District which may result in any material adverse change relating to the financial condition of the District; or (iv) wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the District or would result in any material adverse change in the ability of the District to pledge or apply the Net Taxes (as defined in the Indenture) to pay debt service on the Bonds.

G. The District represents that the Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Purchaser as provided herein, will be validly issued and outstanding obligations of the District, entitled to the benefits of the Indenture. The District has covenanted to cause the Special Taxes to be levied and collected at the same time and in the same manner as ordinary ad valorem property taxes. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Taxes, and in the moneys in the Special Tax Fund established pursuant to the Indenture, on the terms and conditions set forth in the Indenture. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to the Indenture, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

H. The District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable state tax, of the interest on the Bonds.

I. Any certificate signed on behalf of the District by any officer or employee of the School District authorized to do so and delivered to the Purchaser in connection with the issuance and sale of the Bonds shall be deemed to be a representation and covenant by the District to the Purchaser as to the statements made therein.

J. The District will apply the proceeds of the Bonds in accordance with the Indenture and the Escrow Agreement.

K. Between the date of this Purchase Agreement and the date of Closing, the District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Purchaser and the District shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the Net Taxes or other assets, properties, funds or interests that will be pledged as security for the Bonds pursuant to the District Documents.

L. Until such time as moneys have been set aside in an amount sufficient to pay all then-outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to
maturity, the District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

The execution and delivery of this Purchase Agreement by the District shall constitute a representation by the District to the Purchaser that the representations and warranties contained in this Section 2 with respect to the District are true as of the date hereof.

3. Representations, Warranties and Agreements of the Purchaser. The Purchaser represents to and agrees with the District that, as of the date hereof and as of the Closing:

A. The Purchaser is validly organized and existing under the laws of the United States of America;

B. The Purchase Agreement has been duly authorized, executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery by the District, this Purchase Agreement constitutes a valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases;

C. The Purchaser is a Qualified Institutional Buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended;

D. The Purchaser is not purchasing the Bonds for more than one account, is purchasing the Bonds for its own loan account and is not purchasing the Bonds with a view to distributing the Bonds;

E. The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Bonds, to be capable of evaluating the merits and risks of an investment in the Bonds, and the Purchaser is able to bear the economic risks of such an investment;

F. The Purchaser recognizes that an investment in the Bonds involves significant risks, that there is no guarantee can be made, or has been made by the District, that an established market for the Bonds will develop, or that if such a market exists, that no guarantee can be made, or has been made by the District, that the Bonds can be sold at any particular price. Accordingly, the Purchaser further recognizes that the Purchaser may bear the economic risk of an investment in the Bonds for an indefinite period of time;

G. The Purchaser understands and agrees that ownership of the Bonds may be transferred (i) only to a Person that the Purchaser reasonably believes is either (A) a Qualified Institutional Buyer that is purchasing the Bonds for not more than one account, for their own account and not with a view to distributing such Bonds, or (B) an Institutional Accredited Investor (as such term is defined pursuant to Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933) that is purchasing such Bonds for not more than one account for investment purposes and not with a view to distributing such Bonds, and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the District a completed and duly executed Investor Letter substantially in the form attached as Exhibit C to the Indenture;
H. The Purchaser is not relying upon the District, or any of its affiliates, consultants, agents or employees, for advice as to the merits and risks of investment in the Bonds. The Purchaser has sought such independent accounting, legal and tax advice as it has considered necessary to make an informed investment decision;

I. The Purchaser has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the District, the authorizing documents, resolutions, ordinances and other legislative actions of the District in connection with the Bonds, including but not limited to the Formation Documents and the Resolution of Issuance, the Bonds and the security therefor and the transactions and documents related to or contemplated by the foregoing;

J. The Purchaser has been furnished with all documents and information regarding the District, the authorizing documents, resolutions, ordinances and other legislative actions of the District in connection with the Bonds, including but not limited to the Formation Documents and the Resolution of Issuance, the Bonds and the security therefor and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that it has requested;

K. The Purchaser understands that the offering and sale of the Bonds are exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, pursuant to Section (d) of said Rule;

L. The undersigned is the chief financial officer, or a person fulfilling an equivalent function or other authorized executive officer of the Purchaser;

M. The Purchaser acknowledges and understands that no municipal bond insurance, credit enhancement, or liquidity support has been sought or obtained with respect to the Bonds, and the Purchaser acknowledges that the purchase of the Bonds involves significant investment risks; and

N. The Purchaser understands that the Bonds have not been rated by any rating agency that provides credit ratings in connection with the sale of municipal securities, and that the District has not made an application for any such rating.

4. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Purchaser, to the accuracy in all material respects of the representations and warranties on the part of the District and the School District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the District and the School District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the District and the School District of their obligations to be performed hereunder at or prior to the Closing Date and, to the following additional conditions:

A. At the Closing Date, the Formation Documents and the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser, and there shall have been taken in connection therewith, with the issuance of the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, the District shall not be, in any respect material to the Bonds, the District Documents or the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America,
or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound, and the performance by the District of its obligations under the Bonds, the District Documents, the District Resolutions, this Purchase Agreement and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America or of any department, division, agency or instrumentality of either thereof or under any applicable court or administrative decree or order or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the District of its obligations under the District Documents, the Bonds or the District Resolutions.

C. At the Closing Date, the School District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the School District is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the School District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the School District hereunder.

D. The Purchaser shall have the right to cancel its obligation to purchase the Bonds and to terminate this Purchase Agreement by written notice to the District if, between the date of this Purchase Agreement and the Closing Date, in the Purchaser’s sole and reasonable judgment any of the following events shall occur (each a “Termination Event”):

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or the legislature of the State or recommended to the Congress by the President of the United States of America or a member of the President’s Cabinet, the Department of the Treasury, the Internal Revenue Service or any member of Congress or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or other federal or State authority with appropriate jurisdiction, with the purpose or effect, directly or indirectly, of imposing federal or State income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress, or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States of America or a member of the President’s Cabinet, or an order, decree, injunction or decision issued by any court of
competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, the Resolution or the District Documents, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A decision by a court of the United States of America shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds as contemplated by this Purchase Agreement, or any document relating to the issuance, offering or sale of the Bonds is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, the Securities Exchange Act of 1934 and the Trust Indenture Act of 1939;

4. The commencement of an Action described in Section 2(F).

Upon the occurrence of a Termination Event and the termination of this Purchase Agreement by the Purchaser, all obligations of the District, the School District and the Purchaser under this Agreement shall terminate, without further liability, except that the District and the Purchaser shall pay their respective expenses as set forth in Section 5 below.

E. At or prior to the Closing Date, the Purchaser shall have received a counterpart original or copy of the following documents:

1. Indenture. The Indenture, duly executed and delivered by the District and the Fiscal Agent;

2. Resolutions. Certifications by the Clerk of the Board of Education of the School District with respect to each resolution and ordinance of the Board of Education of the School District, acting in its own capacity or as the legislative body of the District, relating to the District Documents, the transactions contemplated thereby, formation of the District and issuance of the Bonds;

3. Bond Counsel Opinion. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State, in substantially the form included as Appendix B hereto, together with a letter of Bond Counsel addressed to the Purchaser to the effect that such opinion may be relied upon by the Purchaser as if such opinion was addressed to it;

4. Defeasance Opinion of Bond Counsel. An opinion, dated the Closing Date and addressed to the District, the Purchaser and the Fiscal Agent, of Bond Counsel, substantially in the form of Appendix C hereto;
5. Closing Certificate of the District. A certificate, dated the Closing Date, signed by an authorized representative of the School District, on behalf of the District, substantially in the form of Appendix D hereto, together with such additional certifications as Bond Counsel may require;

6. Fiscal Agent’s Certificate. A certificate of the Fiscal Agent, dated the Closing Date, substantially in the form of Appendix E hereto;

7. Fiscal Agent’s Counsel Opinion. An opinion of counsel to the Fiscal Agent and the Escrow Bank, dated the Closing Date, addressed to the Purchaser, the School District and the District, substantially in the form of Appendix F hereto;

8. Special Tax Consultant Certificate. A certificate, dated the Closing Date from David Taussig & Associates, substantially in the form attached as Appendix G hereto;

9. Transcript. A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Bonds, including certified copies of the Indenture and all resolutions of the District and the School District relating thereto;

10. Nonarbitrage Certificate. A certificate of the District, dated the Closing Date, in a form acceptable to Bond Counsel, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

11. Specimen Bonds. Copies of the Specimen Bonds;

12. Issue Price Certificate. An issue price certificate of the Purchaser in form and substance reasonably satisfactory to Bond Counsel and the Purchaser; provided that such certificate shall include a statement to the effect that nothing therein represents any interpretation by the Purchaser of any laws, rules or regulations under the Internal Revenue Code of 1986, as amended;

13. Form 8038-G. An Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038-G), in a form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the District, together with evidence that such Form 8038-G has been mailed;

14. Verification Report. A letter addressed to the District, dated the date of the Closing, from Causey Demgen & Moore Inc., Denver, Colorado, verifying the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of the government obligations, together with other moneys, if any, to be deposited in the Escrow Fund to pay when due pursuant to the stated maturity or call for redemption the principal of and interest and premium, if any, with respect to the Refunded Bonds;

15. CDIAC Statements. Copies of filings with the California Debt and Investment Advisory Commission relating to the issuance of the Bonds;

16. Additional Documents. Such additional legal opinions, certificates, instruments and other documents as the Purchaser or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the District and the School District contained herein, and the due performance or satisfaction by the District and the School District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the District and the School District in connection with the transactions contemplated hereby and by the Indenture, and the Escrow Agreement.
If the District shall be unable to satisfy the conditions to the obligations of the Purchaser to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Purchaser to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the District nor the Purchaser shall be under any further obligation hereunder, except that the respective obligations of the Purchaser and the District set forth in Section 9 hereof shall continue in full force and effect.

5. Expenses.

A. Whether or not the Purchaser accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the District shall pay out of the proceeds of the Bonds or any other legally available funds of the District or the School District, all expenses incidental to the performance of the District’s and the School District’s obligations hereunder, including but not limited to the cost of printing and delivering the Bonds to the Purchaser; the fees and disbursements of the District, the School District, the Fiscal Agent, the Escrow Bank, Bond Counsel, the Placement Agent, the Special Tax Consultant, the Financial Advisor, Purchaser’s counsel (in an amount not-to-exceed $7,500), accountants and any other experts or consultants retained by the District or the School District in connection with the issuance and sale of the Bonds; and any other expenses not specifically enumerated in paragraph (B) of this Section incurred in connection with the issuance and sale of the Bonds.

B. Whether or not the Bonds are delivered to the Purchaser as set forth herein, the District shall be under no obligation to pay, and the Purchaser shall be responsible for and pay expenses to qualify the Bonds for sale under any “blue sky” laws.

6. Notices. Any notice of other communication to be given to the District or the School District under this Purchase Agreement may be given by delivering the same in writing to Riverside Unified School District, 3380 14th Street, Riverside, California 92501, Attention: Chief Business Officer; any notice or other communication to be given to the Purchaser under this Purchase Agreement may be given by delivering the same in writing to Sterling National Bank, 1412 Broadway, 7th Floor, New York, New York 10018, Attention: NYC Team 114. All such notices, requests or other communications may be made by telephone, personal or courier delivery, registered or certified mail, facsimile transmission or electronic communication, provided that delivery by facsimile transmission or electronic communication must be confirmed by the sender. The District and the Purchaser may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the District and Purchaser (including any successors or assignees of the Purchaser) and no other person shall acquire or have any right hereunder or by virtue hereof. The District and the Purchaser may not assign this Agreement. The term “successor” shall not include any holder of any Bonds merely by virtue of such holding.

8. Survival of Representations and Warranties. The representations and warranties of the District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Purchaser (or statements as to the results of such investigations) concerning such representations and statements of the District or the School District and regardless of delivery of and payment for the Bonds.
9. **Severability.** If any provision of this Purchase Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

10. **Execution in Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

11. **Effective.** This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance.

12. **No Prior Agreements.** This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding between the parties hereto in relation to the sale of the Bonds by the District.

13. **Governing Law.** This Purchase Agreement shall be governed by the laws of the State.

[REMAINDER OF PAGE LEFT BLANK]
14. **Effective Date.** This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STERLING NATIONAL BANK

By: [Signature]

Its: Senior Vice President/Senior Managing Director

ACCEPTED AS OF JULY 19, 2016

at ______ p.m. Pacific time

COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT

By: _______________________
Mays Kakish
Chief Business Officer
Riverside Unified School District
14. **Effective Date.** This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STERLING NATIONAL BANK

By: 
Its: Senior Vice President/Senior Managing Director

ACCEPTED AS OF JULY 19, 2016
at 12:56 p.m. Pacific time

COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT

By: Mays Kakish
Chief Business Officer
Riverside Unified School District
APPENDIX A

$15,550,000
COMMUNITY FACILITIES DISTRICT NO. 7 OF THE
RIVERSIDE UNIFIED SCHOOL DISTRICT
2016 SPECIAL TAX REFUNDING BONDS

Schedule of Bond Maturities, Principal Amounts and Interest Rates

<table>
<thead>
<tr>
<th>Maturity Date (September 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Bonds:</td>
<td>$15,550,000</td>
<td>2.630%</td>
<td>2.630%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**REDEMPTION TERMS**

Optional Redemption. The Bonds are subject, at the option of the District, to call and redemption from any available source of funds prior to their stated maturity, on any day on and after September 1, 2026, as a whole or in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on March 1, 2017 and on each March 1 and September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term 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 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:
<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017</td>
<td>$400,000</td>
</tr>
<tr>
<td>September 1, 2017</td>
<td>445,000</td>
</tr>
<tr>
<td>March 1, 2018</td>
<td>425,000</td>
</tr>
<tr>
<td>September 1, 2018</td>
<td>475,000</td>
</tr>
<tr>
<td>March 1, 2019</td>
<td>450,000</td>
</tr>
<tr>
<td>September 1, 2019</td>
<td>475,000</td>
</tr>
<tr>
<td>March 1, 2020</td>
<td>460,000</td>
</tr>
<tr>
<td>September 1, 2020</td>
<td>485,000</td>
</tr>
<tr>
<td>March 1, 2021</td>
<td>465,000</td>
</tr>
<tr>
<td>September 1, 2021</td>
<td>505,000</td>
</tr>
<tr>
<td>March 1, 2022</td>
<td>475,000</td>
</tr>
<tr>
<td>September 1, 2022</td>
<td>515,000</td>
</tr>
<tr>
<td>March 1, 2023</td>
<td>500,000</td>
</tr>
<tr>
<td>September 1, 2023</td>
<td>525,000</td>
</tr>
<tr>
<td>March 1, 2024</td>
<td>500,000</td>
</tr>
<tr>
<td>September 1, 2024</td>
<td>550,000</td>
</tr>
<tr>
<td>March 1, 2025</td>
<td>520,000</td>
</tr>
<tr>
<td>September 1, 2025</td>
<td>565,000</td>
</tr>
<tr>
<td>March 1, 2026</td>
<td>535,000</td>
</tr>
<tr>
<td>September 1, 2026</td>
<td>575,000</td>
</tr>
<tr>
<td>March 1, 2027</td>
<td>545,000</td>
</tr>
<tr>
<td>September 1, 2027</td>
<td>590,000</td>
</tr>
<tr>
<td>March 1, 2028</td>
<td>560,000</td>
</tr>
<tr>
<td>September 1, 2028</td>
<td>605,000</td>
</tr>
<tr>
<td>March 1, 2029</td>
<td>580,000</td>
</tr>
<tr>
<td>September 1, 2029</td>
<td>620,000</td>
</tr>
<tr>
<td>March 1, 2030</td>
<td>590,000</td>
</tr>
<tr>
<td>September 1, 2030</td>
<td>635,000</td>
</tr>
<tr>
<td>March 1, 2031</td>
<td>100,000</td>
</tr>
<tr>
<td>September 1, 2031</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2032</td>
<td>105,000</td>
</tr>
<tr>
<td>September 1, 2032</td>
<td>140,000</td>
</tr>
<tr>
<td>March 1, 2033</td>
<td>110,000</td>
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<tr>
<td>September 1, 2033</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2034</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2034</td>
<td>145,000</td>
</tr>
</tbody>
</table>
Special Mandatory Redemption from Prepaid Special Taxes. The Bonds are subject to Special Mandatory Redemption from Special Tax Prepayments as a whole, or in part, on any Interest Payment Date on and after March 1, 2017, and shall be redeemed by the Fiscal Agent, from Special Tax Prepayments deposited to the Redemption Account pursuant to Section 3.6(b) of the Indenture, at a redemption price set forth below, together with accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017 to March 1, 2024</td>
<td>103%</td>
</tr>
<tr>
<td>September 1, 2024 and March 1, 2025</td>
<td>102</td>
</tr>
<tr>
<td>September 1, 2025 and March 1, 2026</td>
<td>101</td>
</tr>
<tr>
<td>September 1, 2026 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
APPENDIX B

OPINION OF BOND COUNSEL

Community Facilities District No. 7
of the Riverside Unified School District
3380 14th Street
Riverside, California 92501

$15,550,000
Community Facilities District No. 7 of the Riverside Unified School District
2016 Special Tax Refunding Bonds

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Riverside Unified School District (the “School District”) taken in connection with the formation of the Community Facilities District No. 7 of the Riverside Unified School District (the “District”) and the authorization and issuance of the District’s 2016 Special Tax Refunding Bonds in the aggregate principal amount of $15,550,000 (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California) and a resolution adopted by the Board of Education (the “Board”) of the School District on July 18, 2016 (the “Resolution of Issuance”), and by a Bond Indenture dated as of August 1, 2016 (the “Indenture”), by and between the District and U.S. Bank National Association, as fiscal agent. All capitalized terms not defined herein shall have the meanings set forth in the Indenture.

The Bonds are dated the date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each September 1 and March 1, commencing on March 1, 2017, at the rates per annum set forth in the Indenture. The Bonds are issued as a single fully registered bond in the form set forth in the Indenture redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other laws affecting creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California. The Bonds are limited obligations of the District but are not a debt of the School District, the State of California or any other political subdivision thereof within the meaning of any constitutional or
statutory limitation, and, except for the Special Taxes, and neither the faith and credit nor the taxing power of the School District, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The Indenture has been duly executed and delivered on behalf of the District. The Indenture creates a valid pledge of, and the Bonds are secured by the Net Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture. Assuming the due execution and delivery by the other parties thereto, the Indenture is enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other similar laws affecting creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

(4) Interest on the Bonds is exempt from State of California personal income tax.

The opinion expressed in paragraph (3) above as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3) and (4), above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate executed by the District and other documents related to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.
The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

Respectfully submitted,
APPENDIX C

FORM OF DEFEASANCE OPINION

Community Facilities District No. 7
of the Riverside Unified School District
3380 14th Street
Riverside, California 92501

Sterling National Bank
1412 Broadway, 7th Floor
New York, New York 10018
Attention: NYC Team 114

U.S. Bank National Association
Corporate Trust Services
633 W. Fifth Street, 24th Floor
Los Angeles, California 90071

$24,870,000
Community Facilities District No. 7 of the Riverside Unified School District
2006 Special Tax Refunding Bonds

Ladies and Gentlemen:

On the date hereof, Community Facilities District No. 7 of the Riverside Unified School District (the “District”) has issued its $15,550,000 Community Facilities District No. 7 of the Riverside Unified School District, 2016 Special Tax Refunding Bonds (the “Bonds”) pursuant to Resolution No. 2016/17-09 adopted by the Board of Education of the Riverside Unified School District, acting in its capacity as the legislative body of the District (the “Board”), on July 18, 2016 (the “Resolution of Issuance”) and the Bond Indenture dated as of August 1, 2016 by and between the District and U.S. Bank National Association, as Fiscal Agent.

In connection with the delivery of this opinion, we have reviewed (i) the provisions of the Fiscal Agent Agreement, dated as of December 1, 2006 (the “Prior Indenture”), by and between the District and U.S. Bank National Association, as Fiscal Agent, pursuant to which the District’s 2006 Special Tax Refunding Bonds (the “Prior Bonds”) were issued; (ii) the Escrow Agreement dated as of August 1, 2016 (the “Escrow Agreement”) by and between the District and U.S. Bank National Association, as Escrow Agent; (iii) the Verification Report of Causey Demgen & Moore P.C. dated August 2, 2016; and (iv) such other documents as we have deemed necessary to render this opinion. A portion of the proceeds of the Bonds and certain amounts on deposit under the Prior Indenture are being used to purchase certain Investment Securities (as defined in the Escrow Agreement) and used to refund and defease the Prior Bonds.

All capitalized terms not defined herein shall have the meaning set forth in the Prior Indenture.

In rendering the opinion set forth below, we have assumed that the amounts on deposit in the Escrow Fund established under the Escrow Agreement will be sufficient to pay the interest, principal and premium due with respect to the Prior Bonds to and including September 1, 2016, and we have made no
independent calculations or verifications concerning the actual deposit of the amounts and obligations specified in the Escrow Agreement, the outstanding principal amount of the Prior Bonds, the principal or redemption price and interest requirements with respect to the Prior Bonds or the adequacy of the amounts deposited under the Escrow Agreement to purchase the Investment Securities or pay such principal or redemption price and interest requirements of the Prior Bonds when due, but with respect to all such matters have relied solely upon, and assumed the accuracy of the representations in, the Verification Report and related certificates. We have also assumed that the deposits required to be made to the Escrow Fund have been made and that all other instructions set forth in the Indenture and related documents have been complied with and satisfied.

Based upon the foregoing, and subject to the assumptions, limitations, and matters of reliance and qualification expressed herein, we are of the opinion that the District has taken all actions required pursuant to Section 9.03 of the Prior Indenture to legally defease the Prior Bonds and, except as expressly stated in Section 9.03, all obligations, agreements and covenants of the District to the owners of the Prior Bonds have been satisfied, discharged and terminated.

This opinion is solely for your benefit in connection with the defeasance of the Prior Bonds and may not be relied on in any manner or for any purpose by any other person or entity, nor may copies be delivered or furnished to any other party, nor may all or portions of this opinion be quoted, circulated, or referred to in any other document without our prior written consent.

The rendering of this opinion to you is undertaken in our capacity as Bond Counsel to the District with respect to the issuance of the Bonds and the defeasance of the Prior Bonds and does not create an attorney-client relationship between us and either of you, and no such relationship exists between us and you with respect to the matters stated herein. We have not undertaken to advise you or any other person as to matters occurring after the date hereof or as to their effect, if any, on the matters stated herein, and we expressly disclaim any responsibility to do so. Our engagement with respect to the Bonds and the defeasance of the Prior Bonds terminates as of the date hereof.

We consent to reliance on this opinion, solely as of its date, by any party to whom ownership of the Bonds is transferred subsequent to the date hereof in accordance with the provisions of the Purchase Agreement.

Respectfully submitted,
APPENDIX D

CLOSING CERTIFICATE OF THE DISTRICT

Solely in my official capacity as Chief Business Officer of the Riverside Unified School District (the “School District”), and not in an individual capacity, the undersigned hereby certifies, on behalf of Community Facilities District No. 7 of the Riverside Unified School District (the “District”), that I am authorized to execute this Certificate in connection with the issuance of the above-captioned bonds (the “Bonds”). All capitalized terms herein not otherwise defined shall have the meanings given such terms in the Bond Purchase Agreement (the “Purchase Agreement”), dated July 19, 2016, by and between the District and Sterling National Bank

I hereby further certify, as of the date hereof, on behalf of the District that:

1. The District has been duly formed and is validly existing pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 et seq. of the California Government Code.

2. The representations and warranties of the District and the School District contained in the Purchase Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof.

3. The District and the School District have each complied with all agreements and covenants, and satisfied all conditions, on their respective part to be complied with or satisfied under the Purchase Agreement and under the District Resolutions and the District Documents at or prior to the date hereof.

4. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or by any court or regulatory agency, public board or body pending, with respect to which the School District or the District has been served with process, or to the best knowledge of the District, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the School District or the District, or the titles of their officers to their respective offices, (b) enjoin or restrain the issuance, sale and delivery of the Bonds, the levy or collection of the Special Taxes or any other moneys or property pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the Special Taxes or moneys and assets pledged or to be pledged under the Indenture, or the pledge thereof, (c)
5. The District is in compliance with all covenants set forth in the Indenture.

Dated: August 2, 2016

COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT

By: ________________________________

Dr. David Hansen
Superintendent
Riverside Unified School District

By: ________________________________

Mays Kakish
Chief Business Officer
Riverside Unified School District
APPENDIX E

FISCAL AGENT CERTIFICATE

The undersigned, an authorized officer of U.S. Bank National Association (the “Fiscal Agent”), in its capacity as Fiscal Agent under a Bond Indenture dated as of August 1, 2016 (the “Indenture”), by and between the Community Facilities District No. 7 of the Riverside Unified School District (the “District”) and the Fiscal Agent, hereby certifies as follows:

1. The Fiscal Agent is organized and existing as a national banking association under and by virtue of the laws of the United States of America, and has full power and authority to accept and perform its duties and obligations pursuant to the Indenture.

2. Subject to the provisions of the Indenture, the Fiscal Agent will apply the proceeds from the Bonds to the purposes specified in the Indenture.

3. The Bonds have been duly and validly authenticated on behalf of the Fiscal Agent and the Fiscal Agent shall hold said Bonds on behalf of the Purchaser.

4. To the best of its knowledge, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Fiscal Agent that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Fiscal Agent of the other transactions contemplated to be performed by the Fiscal Agent in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture and hold the Bonds, upon instruction from the District, pursuant to the terms of the Indenture.

5. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Fiscal Agent, threatened in any way affecting the existence of the Fiscal Agent or seeking to restrain or to enjoin the execution and delivery of the Indenture, or the authentication of the Bonds by the Fiscal Agent, or in any way contesting or affecting the validity or enforceability, as against the Fiscal Agent, of the Indenture, or any action of the Fiscal Agent contemplated by said document, or in which an adverse outcome would materially and adversely affect the ability of the Fiscal Agent to perform its obligations under the Indenture.

6. To the best of its knowledge, the Fiscal Agent is not in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or to the best of its knowledge, under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Fiscal Agent is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Fiscal Agent to perform its obligations under the Indenture.

7. To the best of its knowledge, the authentication of the Bonds and compliance with the provisions of the Indenture, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or to the best of its knowledge, under any applicable court or administrative decree or order, or under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Fiscal Agent is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the
ability of the Fiscal Agent to perform its obligations under the Indenture.

All capitalized terms used herein without definition shall have the meanings assigned to such terms in the Bond Purchase Agreement dated July 19, 2016, between the District and Sterling National Bank, as Purchaser thereof.

Dated: August 2, 2016

U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By: ____________________________
   Authorized Officer
Ladies and Gentlemen:

We have acted as counsel for U.S. Bank National Association, a national banking association (the “Bank”) in connection with the execution by the Bank of the Indenture, dated as of August 1, 2016, entered into by Community Facilities District No. 7 of the Riverside Unified School District (the “District”) and the Bank, as fiscal agent and in connection with the Escrow Agreement dated as of August 1, 2016, by and between the District and the Bank. We are generally familiar with the Articles of Association and the Bylaws of the Bank and are also familiar with the corporate proceedings of the Bank with regard to its authorization, execution and delivery of (i) the Indenture, and (ii) the Escrow Agreement. Capitalized terms used herein shall have the respective meanings ascribed to them in the Indenture, except as otherwise defined herein.

We have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of this opinion. In such review, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity with originals of all documents submitted to us as copies. Where questions of fact material to our opinions expressed below were not established independently, we have relied upon statements of officers of the Bank as contained in their certificates.

Based upon the foregoing, we are of the opinion that:

1. The Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America.

2. The Bank has all requisite corporate power, authority and legal right to execute and deliver the Indenture and the Escrow Agreement and to perform its duties and obligations under the Indenture and the Escrow Agreement, and has taken all necessary corporate action to authorize the execution and delivery thereof and the performance of its obligations thereunder, including the authentication and delivery of the Bonds in its capacity as Fiscal Agent under the Indenture.
3. The Bank has duly authorized, executed and delivered the Indenture and the Escrow Agreement. Assuming the due authorization, execution and delivery thereof by the other parties thereto, the Indenture and the Escrow Agreement are the legal, valid and binding agreements of the Bank, enforceable in accordance with their respective terms against the Bank.

4. To our knowledge, no authorization, approval, consent, or order of any governmental agency or regulatory authority having jurisdiction over the Bank that has not been obtained by the Bank is required for the authorization, execution and delivery by the Bank of the Indenture or the Escrow Agreement or the authentication and delivery of the Bonds by the Bank under the Indenture.

The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by, nor may copies be delivered to, any other person without our prior written consent.

We consent to reliance on this opinion, solely as of its date, by any party to whom ownership of the Bonds is transferred subsequent to the date hereof in accordance with the provisions of the Purchase Agreement.

Very truly yours,
APPENDIX G

CERTIFICATE OF SPECIAL TAX CONSULTANT

The undersigned hereby states and certifies:

1. That he or she is an authorized officer of David Taussig & Associates (the “Special Tax Consultant”) and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. That the Special Tax Consultant has reviewed that certain the Rate and Method of Apportionment of Special Tax (the “Rate and Method”) for Community Facilities District No. 7 of the Riverside Unified School District (the “District”) 2016 Special Tax Refunding Bonds (the “Bonds”). Capitalized terms not otherwise defined herein shall be defined as provided in the Rate and Method or the Indenture, dated as of August 1, 2016, between the District and the Fiscal Agent named therein.

3. That the Special Taxes, if levied in accordance with the Rate and Method and collected will annually yield sufficient revenue to make timely payments of the annual debt service on the Bonds, and annual Administrative Expenses related to the levy and collection of the Special Taxes and the expenses of the Fiscal Agent for the Bonds (no representation is made as to the actual amounts that will be collected in future years).

4. That the Special Tax, if collected in the maximum amounts permitted pursuant to the Rate and Method on the Closing Date, would generate at least 110% of the maximum debt service payable with respect to the Bonds payable from such Special Taxes plus estimated Administrative Expenses equal to a maximum of $45,000 commencing in the Bond Year beginning on September 1, 2017, assuming the debt service schedule shown in the Indenture is true and correct.

5. The District, the School District, the Purchaser and their respective successors and assigns, and all the professionals involved in the financing are entitled to rely on this Certificate.

Dated: August 2, 2016

DAVID TAUSSIG & ASSOCIATES

By: ________________________________

Title: ________________________________
THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE DEFINED HEREIN, INCLUDING THE DELIVERY TO THE FISCAL AGENT OF AN INVESTOR LETTER IN THE FORM REQUIRED BY THE INDENTURE, AND SUBJECT TO THE LIMITATION IN THE INDENTURE THAT THE TRANSFER OF THE BOND SHALL NOT CAUSE THE NUMBER OF OWNERS OF THE BONDS TO EXCEED 35. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT.

No. 1

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

COMMUNITY FACILITIES DISTRICT NO. 7
OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT
2016 SPECIAL TAX REFUNDING BONDS

INTEREST RATE    MATURITY DATE    DATED DATE
2.630%           September 1, 2034  August 2, 2016

REGISTERED OWNER: STERLING NATIONAL BANK

PRINCIPAL AMOUNT: FIFTEEN MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT (the “District”), situated in the Riverside Unified School District, located in the County of Riverside, State of California (the “School District”), FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof to which interest has been paid or duly provided in full, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above; provided, however, that if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each, an “Interest Payment Date”), commencing March 1, 2017, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.
The principal of this Bond is payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association (the “Fiscal Agent”), provided that so long as this Bond is owned by Sterling National Bank or any of its subsidiaries, this Bond will not be required to be presented and surrendered to the Fiscal Agent at any time prior to the final maturity thereof. Interest on this Bond shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, or, upon request of any Registered Owner of at least $1,000,000 of Bonds, by wire transfer to an account in the continental United States of the Registered Owner hereof prior to the Record Date as of the close of business on the fifteenth day of the month preceding an Interest Payment Date (the “Record Date”) at such Registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent.

This Bond represents the entire, duly authorized issue of “Community Facilities District No. 7 of the Riverside Unified School District, 2016 Special Tax Refunding Bonds” (the “Bonds”) issued in the principal amount of $15,550,000 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the “Act”), for the purpose of refunding the District’s 2006 Special Tax Refunding Bonds, and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by Resolution No. 2016/17-09 adopted by the Board of Education of the Riverside Unified School District, acting in its capacity as the legislative body of the District (the “Legislative Body”) on July 18, 2016, and a Bond Indenture dated as of August 1, 2016, by and between the District and U.S. Bank National Association, as Fiscal Agent, executed in connection therewith (the “Indenture”), and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District and which are pledged to the repayment of the Bonds (the “Special Taxes”). Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts on deposit in the Special Tax Fund, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds are subject, at the option of the District, to call and redemption from any available source of funds prior to their stated maturity, on any Interest Payment Date on and after September 1, 2026, as a whole or in part, and by lot, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption.

The Bonds shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Debt Service Account, on March 1, 2017, and on each March 1 and September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term 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:
<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal Amount</th>
<th>Payment Date</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017</td>
<td>$400,000</td>
<td>March 1, 2026</td>
<td>$535,000</td>
</tr>
<tr>
<td>September 1, 2017</td>
<td>445,000</td>
<td>September 1, 2026</td>
<td>575,000</td>
</tr>
<tr>
<td>March 1, 2018</td>
<td>425,000</td>
<td>March 1, 2027</td>
<td>545,000</td>
</tr>
<tr>
<td>September 1, 2018</td>
<td>475,000</td>
<td>September 1, 2027</td>
<td>590,000</td>
</tr>
<tr>
<td>March 1, 2019</td>
<td>450,000</td>
<td>March 1, 2028</td>
<td>560,000</td>
</tr>
<tr>
<td>September 1, 2019</td>
<td>475,000</td>
<td>September 1, 2028</td>
<td>605,000</td>
</tr>
<tr>
<td>March 1, 2020</td>
<td>460,000</td>
<td>March 1, 2029</td>
<td>580,000</td>
</tr>
<tr>
<td>September 1, 2020</td>
<td>485,000</td>
<td>September 1, 2029</td>
<td>620,000</td>
</tr>
<tr>
<td>March 1, 2021</td>
<td>465,000</td>
<td>March 1, 2030</td>
<td>590,000</td>
</tr>
<tr>
<td>September 1, 2021</td>
<td>505,000</td>
<td>September 1, 2030</td>
<td>635,000</td>
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<tr>
<td>March 1, 2022</td>
<td>475,000</td>
<td>March 1, 2031</td>
<td>100,000</td>
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<tr>
<td>September 1, 2022</td>
<td>515,000</td>
<td>September 1, 2031</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2023</td>
<td>500,000</td>
<td>March 1, 2032</td>
<td>105,000</td>
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<tr>
<td>September 1, 2023</td>
<td>525,000</td>
<td>September 1, 2032</td>
<td>140,000</td>
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<tr>
<td>March 1, 2024</td>
<td>500,000</td>
<td>March 1, 2033</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2024</td>
<td>550,000</td>
<td>September 1, 2033</td>
<td>135,000</td>
</tr>
<tr>
<td>March 1, 2025</td>
<td>520,000</td>
<td>March 1, 2034</td>
<td>110,000</td>
</tr>
<tr>
<td>September 1, 2025</td>
<td>565,000</td>
<td>September 1, 2034</td>
<td>145,000</td>
</tr>
</tbody>
</table>

In the event the District shall elect to redeem Bonds as provided in Section 4.1(a) of the Indenture, the District shall give written notice to the Fiscal Agent of its election so to redeem, the redemption date and (other than redemptions pursuant to Section 4.1(b) of the Indenture) the principal amount of the Bonds to be redeemed. The notice to the Fiscal Agent shall be given at least 45 but no more than 60 days prior to the redemption date or such shorter period as shall be acceptable to the Fiscal Agent in the sole determination of the Fiscal Agent, such notice for the convenience of the Fiscal Agent.

Special Tax Prepayments shall be allocated to the redemption of the Bonds to reduce each of the remaining Sinking Fund Payments as nearly as practicable on a pro rata basis.

The Bonds are subject to Special Mandatory Redemption from Special Tax Prepayments as a whole, or in part, on any Interest Payment Date on and after March 1, 2017, and shall be redeemed by the Fiscal Agent, from Special Tax Prepayments deposited to the Redemption Account pursuant to Section 3.6(b) of the Indenture, at a redemption price set forth below, together with accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2017 to March 1, 2024</td>
<td>103%</td>
</tr>
<tr>
<td>September 1, 2024 and March 1, 2025</td>
<td>102</td>
</tr>
<tr>
<td>September 1, 2025 and March 1, 2026</td>
<td>101</td>
</tr>
<tr>
<td>September 1, 2026 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 60 days prior to the redemption date by first
class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

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

The Bonds are issuable only in fully-registered form in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

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

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

The principal of this Bond is not subject to acceleration.

If the District shall pay or cause to be paid to the Owner of this Bond the interest due hereon and the principal hereof, at the times and in the manner stipulated herein and in the Indenture, or if there has been deposited with the Fiscal Agent moneys or investment securities, which together with the interest to accrue thereon without further investment, will be fully sufficient to pay and discharge the principal of, premium, if any, and interest on all Bonds Outstanding as and when the same shall become due and payable, then the Owner of this Bond shall cease to be entitled to the pledge of Net Taxes under the Indenture, and all covenants, agreements and other obligations of the District to the Owner of this Bond under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT NO. 7 OF THE RIVERSIDE UNIFIED SCHOOL DISTRICT FOR WHICH THE RIVERSIDE UNIFIED SCHOOL DISTRICT OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE VICTOR
ELEMENTARY SCHOOL DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS
POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR
STATUTORY LIMITATION OR RESTRICTION.

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

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

IN WITNESS WHEREOF, Community Facilities District No. 7 of the Riverside Unified School District has caused this Bond to be dated as of the Dated Date, to be executed on behalf of the District by the President of the Board of Education of the Riverside Unified School District by facsimile signature and attested by the facsimile signature of the Secretary to the Board.

RIVERSIDE UNIFIED SCHOOL DISTRICT

By: __________________________
    President of the Board of Education of the Riverside Unified School District, acting as the legislative body of Community Facilities District No. 7 of the Riverside Unified School District

ATTEST

By: __________________________
    Secretary to the Board of Education of the Riverside Unified School District, acting as the legislative body of Community Facilities District No. 7 of the Riverside Unified School District

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-defined Indenture.

Dated: August 2, 2016

U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By: __________________________
    Authorized Officer
[FORM OF ASSIGNMENT]

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

__________________________________________________________

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

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s) attorney, to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated: ________________

Signature Guarantee:

Notice: Signature(s) must be guaranteed by a qualified guarantor.

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

FORM OF LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, 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.

By: ____________________________

Secretary to the Board of Education of the Riverside Unified School District, acting as the legislative body of Community Facilities District No. 7 of the Riverside Unified School District