
ESCROW AGREEMENT

by and between the

COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) OF THE
CITY OF MERCED,

and

U.S BANK NATIONAL ASSOCIATION,
as Prior Bonds Fiscal Agent
and
as Escrow Bank

Dated as of February 1, 2016

Pertaining to the Defeasance of
All of the Currently Outstanding

Community Facilities District No. 2005-1
(Bellevue Ranch West) of the City of Merced
2006 Special Tax Bonds (Improvement Area No. 1)

ESCROW AGREEMENT

This Escrow Agreement (the "Agreement"), made and entered into as of February 1, 2016, by and between the COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) OF THE CITY OF MERCED, a community facilities district organized and existing under, and by virtue of the laws of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Prior Bonds Fiscal Agent (the "Prior Bonds Fiscal Agent"), and as Escrow Bank (the "Escrow Bank");

WITNESSETH:

WHEREAS, the District has previously issued its 2006 Special Tax Bonds (Improvement Area No. 1) (the "Prior Bonds") pursuant to a Fiscal Agent Agreement, dated as of June 1, 2006 (the "Prior Bonds Fiscal Agent Agreement"), by and between the City, on behalf of the District, and U.S. Bank National Association, as fiscal agent (the "Prior Bonds Fiscal Agent"); and

WHEREAS, the District has approved the issuance of its 2016 Special Tax Refunding Bonds (Improvement Area No. 1) (the "Bonds"), the proceeds of which are to be used, together with certain other available funds, to defease all of the Prior Bonds;

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

"Closing Date" means February __, 2016.

"Code" means the Internal Revenue Code of 1986.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Bank pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal of, redemption premium, if any, and interest on the Prior Bonds through and including the Redemption Date.

"Redemption Date" means March 1, 2016, the date on which the Prior Bonds are to be redeemed.

"Verification Agent" means Causey Demgen & Moore, P.C.

"Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

SECTION 2. The District hereby appoints U.S. Bank National Association as Escrow Bank under this Agreement for the benefit of the holders of the Prior Bonds. The Escrow Bank hereby accepts the duties and obligations of Escrow Bank under this Agreement and agrees that the irrevocable instructions to the Escrow Bank herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Prior Bonds Fiscal Agent Agreement, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Prior Bonds Fiscal Agent Agreement shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Agreement, there is created and established with the Escrow Bank a special and irrevocable trust fund designated the Escrow Fund, to be held by the Escrow Bank separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

SECTION 4. The District herewith deposits, or causes to be deposited, with the Escrow Bank into the Escrow Fund, to be held in irrevocable trust by the Escrow Bank and to be applied solely as provided in this Agreement, the sum of \$_____, as follows:

- (i) from the proceeds of the Bonds, the sum of \$_____; and
- (ii) from moneys held by the Prior Bonds Fiscal Agent pursuant to the Prior Bonds Fiscal Agent Agreement, the sum of \$_____; and
- (iii) from any Special Tax Revenues not yet transferred to the Prior Bonds Fiscal Agent prior to the Closing Date, the sum of \$_____.

SECTION 5. The Escrow Bank acknowledges receipt of the moneys described in Section 4. The Escrow Bank agrees to hold in cash the amount of \$_____ in the Escrow Fund uninvested. Such amounts shall be applied by the Escrow Bank to the payment of the Escrow Requirements for the equal and ratable benefit of the holders of the Prior Bonds as set forth in the Verification Report.

SECTION 6. The District hereby directs and the Escrow Bank hereby agrees that the Escrow Bank will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Bank for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the moneys available for such purposes in the Escrow Fund.

SECTION 7. The District irrevocably instructs the Escrow Bank (i) to pay to the Prior Bonds Fiscal Agent, from amounts held in the Escrow Fund, such amounts as are required for payment of principal of and interest on the Prior Bonds coming due through and including the Redemption Date; and (ii) to pay to the Prior Bonds Fiscal Agent, from amounts held in the Escrow Fund, the amount equal to the redemption price of the remaining principal amount of the Prior Bonds called for redemption on the Redemption Date, plus interest accrued thereon to the Redemption Date. The District irrevocably instructs the Prior Bonds Fiscal Agent under the Prior Bonds Fiscal Agent Agreement to mail a notice of redemption of the Prior Bonds as provided in Section 2.02 of the Prior Bonds Fiscal Agent Agreement in substantially the form

provided in Exhibit B hereto and to pay said principal of and interest on and redemption price of the Prior Bonds to the owners of the Prior Bonds as provide in the Prior Bonds Fiscal Agent Agreement.

SECTION 8. The trust hereby created shall be irrevocable and the holders of the Prior Bonds shall have an express lien limited to all moneys in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

SECTION 9. This Agreement is made pursuant to and in furtherance of the Prior Bonds Fiscal Agent Agreement and for the benefit of the District and the holders from time to time of the Prior Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Bank, Prior Bonds Fiscal Agent and the District; provided, however, that the District, the Prior Bonds Fiscal Agent and the Escrow Bank may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Bank for the benefit of the holders of the Prior Bonds, any additional rights, remedies, powers or agency that may lawfully be granted to, or conferred upon, such holders or the Escrow Bank; and

(c) to transfer to the Escrow Bank and make subject to this Agreement additional funds, securities or properties.

The Escrow Bank and Prior Bonds Fiscal Agent shall be entitled to conclusively rely upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Prior Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. In consideration of the services rendered by the Escrow Bank under this Agreement, the District agrees to and shall pay to the Escrow Bank its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Bank shall have no lien whatsoever upon any of the moneys in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 11. The Escrow Bank at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the District and the Prior Bonds Fiscal Agent, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 7 hereof, but no such resignation shall take effect unless a successor Escrow Bank shall have been appointed by the holders of the Prior Bonds or by the District as hereinafter provided and such successor

Escrow Bank shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Bank.

The Escrow Bank may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Bank and to the District and the Prior Bonds Fiscal Agent and signed by the holders of a majority in principal amount of the Prior Bonds.

In the event the Escrow Bank hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Bank shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Bank may be appointed by the holders of a majority in principal amount of the Prior Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys-in-fact, duly authorized in writing; provided, nevertheless, that in any such event, the District shall appoint a temporary Escrow Bank to fill such vacancy until a successor Escrow Bank shall be appointed by the holders of a majority in principal amount of the Prior Bonds, and any such temporary Escrow Bank so appointed by the District shall immediately and without further act be superseded by the Escrow Bank so appointed by such holders.

In the event that no appointment of a successor Escrow Bank or a temporary successor Escrow Bank shall have been made by such holders or the District pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Bank has been given to the District, the holder of any of the Prior Bonds or any retiring Escrow Bank may apply to any court of competent jurisdiction for the appointment of a successor Escrow Bank, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Bank.

No successor Escrow Bank shall be appointed unless such successor Escrow Bank shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$50,000,000. For purpose of this Section 11, a corporation or institution with trust powers organized under the financial institution laws of the United States of America or any state shall be deemed to have combined capital and surplus of at least \$50,000,000 if it has a combined capital surplus of at least \$20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least \$50,000,000.

Every successor Escrow Bank appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the District, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Bank without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Bank or the District execute and deliver an instrument transferring to such successor Escrow Bank all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Bank shall deliver all moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the District be required by any successor Escrow Bank for more fully and certainly vesting in such successor Escrow Bank the estates, rights, powers and duties hereby vested or intended to be vested in the

predecessor Escrow Bank, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the District.

Any corporation or association into which the Escrow Bank, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Bank or any successor to it shall be a party or any successor to a substantial portion of the Escrow Bank's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, be the successor Escrow Bank under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The liability of the Escrow Bank to make payments required in the Agreement shall be limited to the cash in the Escrow Fund.

SECTION 12. The Escrow Bank shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 4 and 5 hereof. The Escrow Bank shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

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

SECTION 13. To the extent permitted by law, the District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement. The District shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Bank's successors, assigns, agents and employees or the material breach by the Escrow Bank of the terms of this Agreement. In no event shall the District or the Escrow Bank be liable to any person by reason of the transactions contemplated

hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 14. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the moneys to accomplish the redemption of the Prior Bonds pursuant to the Prior Bonds Fiscal Agent Agreement or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the District. Whenever the Escrow Bank shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Bank shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 15. This Agreement shall terminate upon payment of all Prior Bonds on the Redemption Date. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Bank shall be released to the District.

SECTION 16. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the District, the Prior Bonds Fiscal Agent or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the District or by or on behalf of the Prior Bonds Fiscal Agent or the Escrow Bank shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 18. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COMMUNITY FACILITIES DISTRICT
NO. 2005-1 (BELLEVUE RANCH WEST) OF
THE CITY OF MERCED

By _____
Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Ken Ryger 1/13/16
Deputy City Attorney Date

ACCOUNT DATA:

BY: _____
(1) Verified by Finance Officer

U.S. BANK NATIONAL ASSOCIATION,
as Prior Bonds Fiscal Agent and Escrow Bank

By _____
Authorized Officer

Exhibit B

Form of Conditional Notice of Optional Redemption

**COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELLEVUE RANCH WEST) OF THE CITY OF MERCED
2006 SPECIAL TAX BONDS (IMPROVEMENT AREA NO. 1)**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds that all of the outstanding Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced 2006 Special Tax Bonds (Improvement Area No. 1) (the "2006 Bonds"), issued pursuant to a Fiscal Agent Agreement, dated as of June 1, 2006 (the "Fiscal Agent Agreement"), by and between U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), and the City of Merced (the "City"), on behalf of the Community Facilities District No. 2005-1 (Bellevue Ranch West) (the "District"), and are scheduled for redemption on March 1, 2016 (the "Redemption Date"), pursuant to the provisions of the Fiscal Agent Agreement.

The redemption of the 2006 Bonds described herein is expressly conditioned upon the issuance of the Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced, 2016 Special Tax Refunding Bonds (Improvement Area No. 1) (the "2016 Bonds"), which will provide the funds necessary to pay the redemption price of the 2006 Bonds. If the 2016 Bonds are not issued on or before the Redemption Date, then this notice and the redemption of the 2006 Bonds shall be rescinded and the 2006 Bonds shall continue to remain outstanding under the Fiscal Agent Agreement.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The 2006 Bonds delivered for redemption shall be returned to the respective owners thereof, and said 2006 Bonds shall remain outstanding as though this Conditional Notice of Optional Redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by U.S. Bank National Association (the "Paying Agent") by publication in Munifacts wire and by first class mail, postage prepaid, to the registered holders of the 2006 Bonds.

The 2006 Bonds called for redemption have the maturity date, principal component, CUSIP Number and redemption price as set forth below:

<u>Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>*CUSIP No.</u>
			100%	
			100	
			100	
			100	

Payment of the Redemption Price on the 2006 Bonds called for redemption will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner:

If by Mail: (REGISTERED BONDS)

If by Hand or Overnight Mail:

Bondholder Communications Customer Service: _____

Bondholders presenting their certificates in person for same day payment **must** surrender their certificate(s) by 1:00 P.M. on the Redemption Date and a check will be available for pick up after 2:00 P.M.. Checks not picked up by 4:30 P.M. will be mailed out to the bondholders via first class mail. If payment of the Redemption Price is to be made to the registered owner of the 2006 Bond, you are not required to endorse the 2006 Bond to collect the Redemption Price.

Interest on the principal amount designated to be prepaid shall cease to accrue on and after the Redemption Date.

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified.

*The Fiscal Agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for convenience of the Holders.

Failure to receive this Conditional Notice of Optional Redemption or any immaterial defect contained herein shall not affect the sufficiency of the redemption proceedings as provided in the Fiscal Agent Agreement.

**By U.S. Bank National Association,
as Fiscal Agent**

Dated: on or before January 30, 2016

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of February 1, 2016, is executed and delivered by the Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced (the “District”) and Goodwin Consulting Group, Inc., as Dissemination Agent (the “Dissemination Agent”), in connection with the issuance of the \$[principal amount] Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced, 2016 Special Tax Refunding Bonds (Improvement Area No. 1) (the “Bonds”). The Bonds are being issued pursuant to provisions of a Fiscal Agent Agreement, dated as of February 1, 2016 (the “Fiscal Agent Agreement”), by and between the District and MUFG Union Bank, N.A. (the “Fiscal Agent”). The District and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the Finance Officer of the City or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Goodwin Consulting Group, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than January 31 of each year, commencing January 31, 2017, provide to the MSRB and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the first sentence of this subsection (b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice in a timely manner to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, to the extent information is known to it, file a report with the District and the Fiscal Agent certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following (as of June 30 next preceding the Annual Report date or the most recent readily available information):

(a) The balance in the Reserve Fund held under the Fiscal Agent Agreement for the Bonds.

(b) The principal amount of the Bonds outstanding and a current debt service schedule.

(c) The amount of prepayments of the Special Tax, if any.

(d) Total assessed valuation (per the Merced County Assessor records) of all parcels currently subject to the Special Tax within Improvement Area No. 1 of the District, showing the total assessed valuation for all land and the total assessed valuation for all improvements within Improvement Area No. 1 of the District and distinguishing between the assessed value of developed property and undeveloped property.

(e) Identification of each parcel within Improvement Area No. 1 of the District for which any Special Tax payment is delinquent, together with the following information respecting each such parcel: (A) the amount delinquent; (B) the date of each delinquency; (C) in the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been

dismissed, the date on which the complaint was filed; and (D) in the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

(f) A land ownership summary listing property owners responsible for more than ten percent (10%) of the annual Special Tax levy, as shown on the Merced County Assessor's last equalized tax roll prior to the September next preceding the Annual Report date.

(g) Changes, if any to the rate and method of apportionment for Improvement Area No. 1 of the District.

(h) The amount of Special Taxes generated by the developed parcels and undeveloped parcels within Improvement Area No. 1 of the District.

(i) The audited financial statements for the City for the preceding fiscal year (or if not available at the time of filing, the unaudited financial statements). The audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. and provided, further that in each Annual Report or other filing containing the financial statements, the following statement shall be included in bold type:

“THE FOLLOWING FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY OF MERCED (OTHER THAN THE SPECIAL TAXES LEVIED IN IMPROVEMENT AREA NO. 1 OF THE COMMUNITY FACILITIES DISTRICT) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the District shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bond Owners, if material;

4. bond calls, if material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the District, which shall occur as described below;
13. appointment of a successor or additional fiscal agent or the change of name of a fiscal agent, if material, or;
14. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Upon receipt of notice from the District and instruction by the District to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent. The

Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The District, or the Dissemination Agent, if the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten (10) business days after the occurrence of the event.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be Goodwin Consulting Group, Inc. The Dissemination Agent may resign by providing thirty days' written notice to the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the District) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELLEVUE RANCH WEST) OF THE CITY OF
MERCED

By _____
Mayor, on behalf of the District

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: He Ryo 1/13/10
Deputy City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

GOODWIN CONSULTING GROUP, INC.
as Dissemination Agent

By _____
Authorized Signatory

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced

Name of Bond Issue: Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced, 2016 Special Tax Refunding Bonds(Improvement Area No. 1)

Date of Issuance: February __, 2016

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of February 1, 2016, with respect to the Bonds. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

GOODWIN CONSULTING GROUP, INC.
as Dissemination Agent
on behalf of District

cc: District