

**DEPOSIT AGREEMENT FOR COMMUNITY FACILITIES DISTRICT NO. 16-I
(MILLENIA) IMPROVEMENT AREA NO 2**

THIS AGREEMENT (the “Agreement”) is entered into as of the _____ day of March, 2021 by and between the CITY OF CHULA VISTA, a charter city duly organized and validly existing under the Constitution and the laws of the State of California (the “City”), COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENIA), a community facilities district formed and existing pursuant to the laws of the State of California and the City of Chula Vista Community Facilities District Ordinance (the “District”) and SLF IV-MILLENIA, LLC, a Delaware limited liability company (the “Owner”).

RECITALS

A. The City, the District and the Owner have entered into that certain Acquisition/Financing Agreement (the “Financing Agreement”) dated as of February 6, 2018, for the purposes of setting forth terms and conditions for the acquisition of the Improvements funded from (a) proceeds of bonds issued by the District for each Improvement Area which are secured by the levy of special taxes within each Improvement Area and (b) Surplus Special Taxes derived from the levy of special taxes within the Improvement Areas. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Financing Agreement.

B. Improvement Area No. 2 is divided into four separate project areas, three of the project areas are planned for separate residential condominium development projects each being developed in phases, with each phase corresponding to a recorded condominium plan, as listed in Exhibit A attached hereto and incorporated herein by this reference. For phases within which at least one unit has closed escrow to an individual homeowner prior to January 1 of each year, the Treasurer-Tax Collector of the County of San Diego (the “Tax Collector”) is obligated to segregate and assign individual parcel numbers to all units within that phase and send property tax bills for the next tax year to each owner of record as of January 1.

C. For phases without at least one closing to an individual homeowner prior to January 1 of each year, but with closings to individual homeowners prior to July 1 of such year, the Tax Collector is expected to complete a different segregation process (“Tax Collector Segregation”) for the tax year beginning July 1 and instruct the owner of the parent parcel to be segregated not to pay the property tax bill received for the parent parcel in the process of Tax Collector Segregation until completion thereof which can take between 6 to 12 months. Upon completion of Tax Collector Segregation, new tax bills (the “Delayed Tax Bills”) are mailed by the Tax Collector to the then owners of record.

D. Delays in the payment of Improvement Area No. 2 special taxes levied in accordance with the Improvement Area No. 2 Special Tax RMA (as defined in the hereinafter defined Indenture) and collected on property tax bills have occurred and are expected to occur in the future as a result of Tax Collector Segregation such that the special taxes levied on the parcels comprising the phases listed in Exhibit A (the “Parent Parcels”) or the parcels resulting therefrom as a result of segregation (the “Segregated Parcels”), set forth on such property tax bills are not paid by property owners as may be instructed by the Tax Collector, are not noted as delinquent by

the Tax Collector and cannot be paid without stopping the segregation process until completion thereof and the Delayed Tax Bills are mailed by the Tax Collector.

E. The District plans to issue the City of Chula Vista Community Facilities District No. 16-I (Millenia) Improvement Area No. 2 2021 Special Tax Bonds (the “Bonds”) pursuant to a Bond Indenture (the “Indenture”), by and between the District and Wilmington Trust, National Association, as fiscal agent (the “Fiscal Agent”) and the Bonds will be secured by special taxes levied and collected in Improvement Area No. 2 of the District.

F. The purpose of this Agreement is to provide for the advance by the Owner of monies for deposit in the Deposit Fund (defined below) to be held by the District in the event Tax Collector Segregation causes a delay in the payment of the special taxes for the Parent Parcels or the Segregated Parcels (together, the “Parcels”) and the deposit in the Deposit Fund of special taxes collected from the payment of Delayed Tax Bills for the purposes described below.

AGREEMENT

The parties hereto, for mutual consideration, the receipt of which is hereby acknowledged, agree as follows:

Section 1. Establishment of the Deposit Fund and Disposition of Deposit. The District shall establish and maintain a separate and distinct fund (the “Deposit Fund”). All monies deposited in the Deposit Fund will be held by the District as cash uninvested and used as set forth in this Agreement.

Prior to the distribution of the preliminary official statement for the Bonds by the District to potential investors, Owner shall deliver to the District monies in the amount of \$1,003,113.34 (the “Deposit”), which equals the amount of special taxes levied in Fiscal Year 2020-2021 which were unpaid due to Tax Collector Segregation, plus the amount of special taxes expected by the parties to be levied in Fiscal Year 2021-2022 and Fiscal Year 2022-2023 on the Parcels, the payment of which may be delayed due to Tax Collector Segregation. The District shall deposit such monies in the Deposit Fund.

Section 2. Calculation of Unpaid Special Taxes. So long as the Bonds are outstanding and Tax Collector Segregation has not been completed with respect to all of the Parcels, not later than August 1 of each year (each a “Date of Determination”), the District will review its records to determine the amount of special taxes levied on the Parcels for the preceding fiscal year and review the public records of the Tax Collector to determine the amount of special taxes collected on the Parcels for the preceding fiscal year and then calculate the amount that relates to a Parcel for which Tax Collector Segregation has not been completed and which special taxes have not been collected for the preceding fiscal year as of such date (the “Unpaid Special Taxes”). The District’s determination of the Unpaid Special Taxes as of any Date of Determination pursuant to this Section 2 shall be conclusive absent manifest error.

Section 3. Application of the Deposit Fund.

(a) Use of Deposit.

(i) On the date of issuance of the Bonds, the District shall transfer \$74,012.40 to the Administrative Expense Fund established pursuant to the Indenture.

(ii) The District shall, no later than February 15th and August 15th of each year, transfer monies in the Deposit Fund to the Fiscal Agent for deposit in: (a) the Administrative Expense Fund established under the Indenture in an amount equal to a proportionate share of the Administrative Expense Requirement (as defined in the Indenture) and (b) the Special Tax Fund established under the Indenture in the amount equal to the least of (x) the Unpaid Special Taxes as of the immediately preceding Date of Determination or (y) the amount necessary to pay debt service on the Bonds due on the next Interest Payment Date (as defined in the Indenture).

(b) Replenishment. Following a draw on monies in the Deposit Fund and transfer thereof to the Fiscal Agent for deposit in the Administrative Expense Fund or the Special Tax Fund pursuant to this Agreement, immediately upon receipt, the District shall deposit proceeds of special taxes from the payment of Delayed Tax Bills (the "Delayed Special Tax Revenues") into the Deposit Fund to the extent necessary to replenish the Deposit up to the amount attributable to such Parcels deposited into the Administrative Expense Fund and the Special Tax Fund pursuant to Section 3(a) above. Under no circumstance shall the District or the City be obligated to deposit any monies into the Deposit Fund pursuant to this Section 3(b) except the Delayed Special Tax Revenues, including without limitation proceeds of the Bonds.

(c) Release of Deposit. No later than September 1 of each year, the District will review the public records of the Tax Collector to determine if segregation occurred on the Parcels for which at least one home was conveyed to a homeowner in the prior calendar year and for which there is expected to be no Delayed Tax Bills. The District shall release from the Deposit Fund to the Owner the amount allocable to a Parent Parcel for which full segregation has occurred and for which the special taxes have been levied on the Segregated Parcels or may be levied in a subsequent tax year.

On each Date of Determination, the District shall also calculate the difference between the Unpaid Special Taxes and the portion of the Deposit attributable to the corresponding installment payments received (an "Excess Deposit"). No later than September 1 of each year, the District shall release from the Deposit Fund to the Owner the amount equal to the Excess Deposit.

For the avoidance of doubt, the Owner shall, in total, receive no more than \$1,003,113.34.

Section 4. Notices. Any written notice, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth in the Financing Agreement.

Section 5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6. Singular and Plural; Gender. Whenever used herein, the singular number shall include the plural, the plural number shall include the singular, and the masculine feminine or neuter gender shall include the others whenever the context of this Agreement so indicates.

Section 7. Entire Agreement. This Agreement contains the entire Agreement between the parties hereto with respect to the subject matter hereof. This Agreement may not be altered, modified or amended except by an instrument in writing executed by all of the parties.

Section 8. Governing Law. This Agreement has been executed in and shall be governed by the laws of the State of California.

Section 9. Recitals; Exhibits. Any recitals set forth above and any attached exhibits are incorporated by reference into this Agreement.

Section 10. Authority of Signatories. Each signatory and party hereto hereby represents and warrants to the other party that it has legal authority and capacity and direction from its principal to enter into this Agreement, and that all resolutions and/or other actions have been taken so as to enable such party to enter into this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first above written.

SLF IV-MILLENIA, LLC,
a Delaware limited liability company

By: SLF IV Millenia Investor, LLC,
a Texas limited liability company,
its sole and managing member

By: Stratford Land Fund IV, L.P.,
a Delaware limited partnership,
its co-managing member

By: Stratford Fund IV GP, LLC
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

CITY OF CHULA VISTA

By: _____
Name: _____
Maria Kachadoorian, City Manager

APPROVED AS TO FORM:

By: _____
City Attorney

COMMUNITY FACILITIES DISTRICT NO.
16-I (MILLENIA)

By: _____
Name: _____
Maria Kachadoorian, City Manager

*-Signature Page-
Deposit Agreement*

EXHIBIT A

Phase	Deposit for 1st Installment 20-21			Deposit for 2nd Installment 20-21			Total Deposit for 20-21
	<u>Pinnacle</u>	<u>Vibe</u>	<u>Cleo</u>	<u>Pinnacle</u>	<u>Vibe</u>	<u>Cleo</u>	
1	37,006.20	-	-	37,006.20	-	-	74,012.40
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
M	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	37,006.20	-	-	37,006.20	-	-	74,012.40

Phase	Deposit for 1st Installment 21-22			Deposit for 2nd Installment 21-22			Total Deposit for 21-22
	<u>Pinnacle</u>	<u>Vibe</u>	<u>Cleo</u>	<u>Pinnacle</u>	<u>Vibe</u>	<u>Cleo</u>	
1	-	-	9,442.07	-	-	9,442.07	18,884.14
2	-	-	8,088.48	-	-	8,088.48	16,176.96
3	10,192.92	-	8,543.40	10,192.92	-	8,543.40	37,472.64
4	15,289.38	7,189.76	7,189.76	15,289.38	7,189.76	7,189.76	59,337.80
5	10,192.92	6,291.04	8,543.40	10,192.92	6,291.04	8,543.40	50,054.72
6	20,385.84	6,291.04	9,442.07	20,385.84	6,291.04	9,442.07	72,237.90
7	6,069.96	7,189.76	12,138.28	6,069.96	7,189.76	12,138.28	50,796.00
8	-	8,088.48	9,442.07	-	8,088.48	9,442.07	35,061.10
9	-	6,291.04	5,392.32	-	6,291.04	5,392.32	23,366.72
10	-	7,189.76	9,885.92	-	7,189.76	9,885.92	34,151.36
11	-	8,088.48	8,691.30	-	8,088.48	8,691.30	33,559.56
M	<u>5,096.46</u>	<u>4,493.60</u>	<u>4,948.50</u>	<u>5,096.46</u>	<u>4,493.60</u>	<u>4,948.50</u>	<u>29,077.12</u>
	67,227.48	61,112.96	101,747.57	67,227.48	61,112.96	101,747.57	460,176.02

Phase	Deposit for 1st Installment 22-23			Deposit for 2nd Installment 22-23			Total Deposit for 22-23
	<u>Pinnacle</u>	<u>Vibe</u>	<u>Cleo</u>	<u>Pinnacle</u>	<u>Vibe</u>	<u>Cleo</u>	
1	-	-	-	-	-	-	-
2	-	-	8,250.30	-	-	8,250.30	16,500.60
3	10,396.68	-	8,714.20	10,396.68	-	8,714.20	38,221.76
4	15,595.02	7,333.60	7,333.60	15,595.02	7,333.60	7,333.60	60,524.44
5	10,396.68	6,416.90	8,714.20	10,396.68	6,416.90	8,714.20	51,055.56
6	20,793.36	6,416.90	9,630.94	20,793.36	6,416.90	9,630.94	73,682.40
7	15,595.02	7,333.60	12,381.04	15,595.02	7,333.60	12,381.04	70,619.32
8	-	8,250.30	9,630.94	-	8,250.30	9,630.94	35,762.48
9	-	6,416.90	5,500.20	-	6,416.90	5,500.20	23,834.20
10	-	7,333.60	10,083.70	-	7,333.60	10,083.70	34,834.60
11	-	8,250.30	8,865.20	-	8,250.30	8,865.20	34,231.00
M	<u>5,198.34</u>	<u>4,583.50</u>	<u>5,047.44</u>	<u>5,198.34</u>	<u>4,583.50</u>	<u>5,047.44</u>	<u>29,658.56</u>
	77,975.10	62,335.60	94,151.76	77,975.10	62,335.60	94,151.76	468,924.92
Grand Total	<u>182,208.78</u>	<u>123,448.56</u>	<u>195,899.33</u>	<u>182,208.78</u>	<u>123,448.56</u>	<u>195,899.33</u>	<u>1,003,113.34</u>