

NEW ISSUE-BOOK ENTRY ONLY**NOT RATED**

(See "CONCLUDING INFORMATION - No Rating" herein)

In the opinion of McFarlin & Anderson, Lake Forest, California ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants and agreements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

COUNTY OF RIVERSIDE**STATE OF CALIFORNIA****\$14,725,000****BEAUMONT FINANCING AUTHORITY
2000 LOCAL AGENCY REVENUE BONDS,
SERIES A****Dated: Date of Delivery****Due: September 1 As Shown Below.**

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds involves risks. See "BONDOWNERS' RISKS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Interest on the Bonds is payable on September 1, 2000, and semiannually thereafter on March 1 and September 1 of each year until maturity or earlier redemption (see "THE BONDS - General Provisions" and "THE BONDS - Redemption" herein).

The information contained within this Official Statement was prepared under the direction of the Authority by the following firm serving as Financing Consultant to the Authority.

**Rod Gunn Associates, Inc.****MATURITY SCHEDULE****\$1,655,000 6.25% Term Bond due September 1, 2010, Price 99.061%****\$3,085,000 7.25% Term Bond due September 1, 2020, Price 98.682%****\$9,985,000 7.375% Term Bond due September 1, 2032, Price 97.291%**

Proceeds from the Bonds, together with certain other moneys available to the Beaumont Financing Authority (the "Authority") will be used to acquire on the delivery date of the Bonds, Special Tax Bonds described herein (the "District Bonds") to be issued under the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California). The Bonds are special obligations of the Authority payable solely from and secured by revenues from repayment of the District Bonds and the Reserve Fund held by the Trustee, and by any available surplus revenues with respect to other series of bonds issued pursuant to the Indenture as described herein. Repayment of the District Bonds will be from the Special Taxes (as defined herein) to be levied within the City of Beaumont Community Facilities District No. 93-1 Improvement Area Nos. 3, 11 & 14, as described herein (see "SOURCES OF PAYMENT FOR THE BONDS" and "BONDOWNERS' RISKS" herein). It is anticipated that the Bonds, in book-entry form, will be available for delivery in New York, New York on or about June 21, 2000 for deposit with The Depository Trust Company (see "THE BONDS - General Provisions - Book-Entry Only System" herein).

The date of the Official Statement is June 9, 2000.

O'CONNOR & COMPANY SECURITIES
P U B L I C F I N A N C E

**BEAUMONT FINANCING AUTHORITY
BEAUMONT, CALIFORNIA**

AUTHORITY GOVERNING BOARD

Roger Berg, *Chairperson*
Gerald Zeller, *Vice Chairperson*
Brian DeForge, *Board Member*
Larry Dressel, *Board Member*
Tony Westcot, *Board Member*

CITY COUNCIL

Roger Berg, *Mayor*
Gerald Zeller, *Mayor Pro Tem*
Brian DeForge, *Council Member*
Larry Dressel, *Council Member*
Tony Westcot, *Council Member*

AUTHORITY AND CITY STAFF

Alan C. Kapanicas, *City Manager and Finance Director*
Michael Burch, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel

McFarlin & Anderson
Lake Forest, California

Authority Counsel and City Attorney

Aklufi & Wysocki
Riverside, California

Disclosure Counsel

Fulbright & Jaworski L.L.P.
Los Angeles, California

Financing Consultant

Rod Gunn Associates, Inc.
Seal Beach, California

Special Tax Consultant

General Government Management Services
Rancho Mirage, California

Project Engineer

Urban Logic Consultants
Temecula, California

Trustee

BNY Western Trust Company
Los Angeles, California

Underwriter

O'Connor & Company Securities
Newport Beach, California

FOR ADDITIONAL INFORMATION

Alan C. Kapanicas, City of Beaumont, California (909) 769-8520
Rod Gunn Associates, Inc. (562) 598-7677
O'Connor & Company Securities (949) 717-2000

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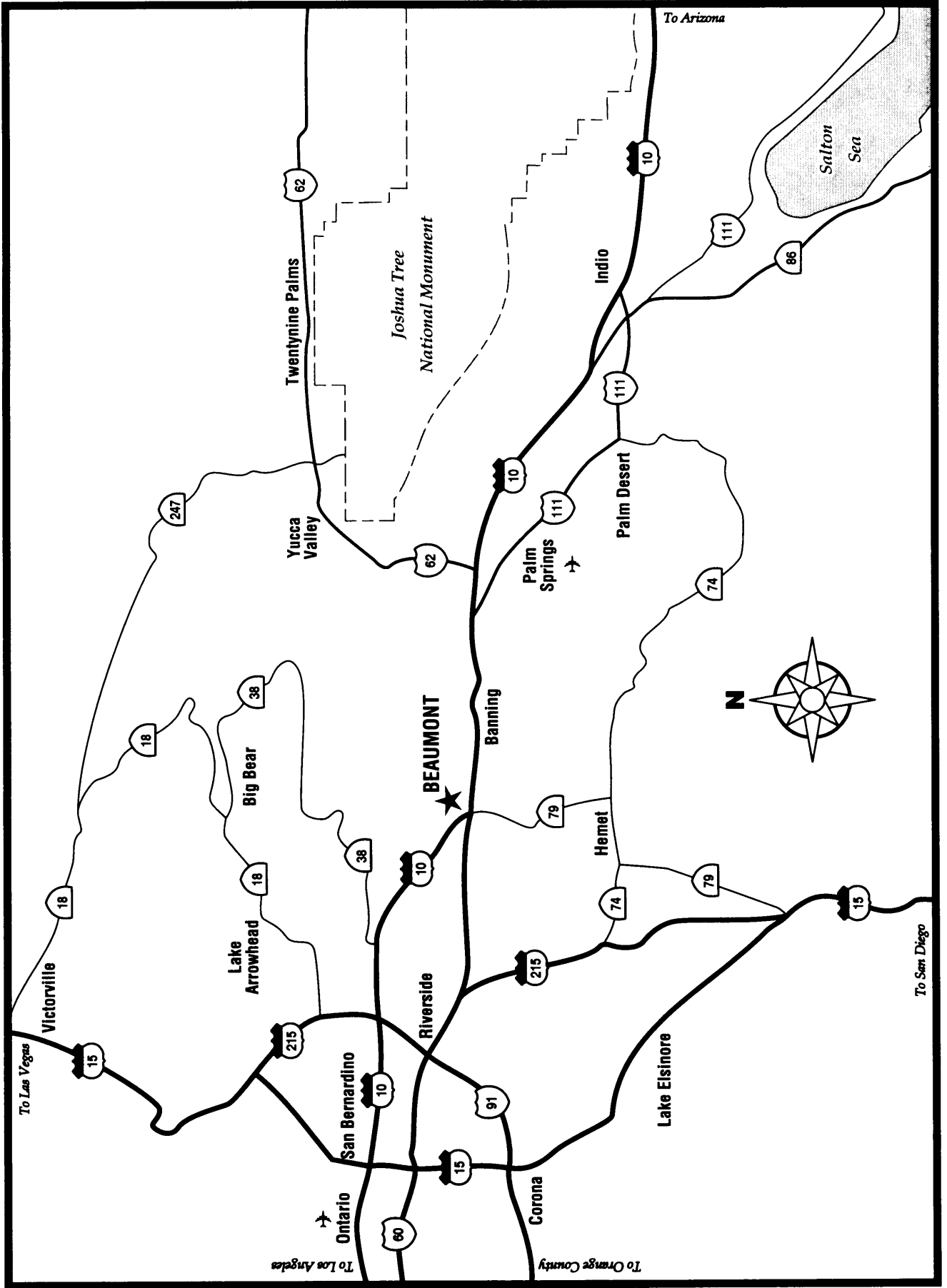
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City of Beaumont Vicinity Map



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OFFICIAL STATEMENT

\$14,725,000 BEAUMONT FINANCING AUTHORITY 2000 LOCAL AGENCY REVENUE BONDS, SERIES A

This Official Statement which includes the cover page and appendices (the "Official Statement") is provided to furnish certain information concerning the sale of the Beaumont Financing Authority 2000 Local Agency Revenue Bonds, Series A (the "Bonds"), in the aggregate principal amount of \$14,725,000.

INTRODUCTORY STATEMENT

This Introductory Statement contains only a brief description of this issue and does not purport to be complete. The Introductory Statement is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Investment in the Bonds involves risks. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds (see "BONDOWNERS' RISKS" herein).

The Issuers

The Authority. The Beaumont Financing Authority (the "Authority") is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Joint Powers Act"). The City of Beaumont (the "City") pursuant to Resolution No. 1993-20 adopted on April 12, 1993, and the Beaumont Redevelopment Agency (the "Agency") pursuant to Resolution No. BRA 93-01 adopted on April 12, 1993, formed the Authority by the execution of a joint exercise of powers agreement (the "Joint Powers Agreement") (see "THE AUTHORITY" herein). Pursuant to the Joint Powers Act, the Authority is authorized, among other things, to issue revenue bonds to provide funds to acquire local obligations issued to finance or refinance public capital improvements, such revenue bonds to be repaid from the repayment of the local obligations so acquired by the Authority. On the Delivery Date of the Bonds, the Authority will acquire three separate series of bonds to be issued by Community Facilities District No. 93-1 (collectively the "District Bonds"), as described herein, for Improvement Area Nos. 3, 11 and 14 (collectively, the "Improvement Areas") separately secured and payable only from Special Taxes levied within the corresponding Improvement Area.

The Authority has issued other series of Bonds (see "DEBT STRUCTURE" herein). Each series is separately secured under the terms of the Indenture for such other series of bonds. No Additional Bonds on a parity with the Bonds are authorized. However, the District may issue additional bonds under certain circumstances (see "DEBT STRUCTURE - Additional Obligations" herein).

The District. The Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311, et seq. of the Government Code of the State of California (the "Act"), was enacted by the California Legislature to provide an alternative method of financing certain public facilities, improvements and services. The Act authorizes local governmental entities to establish community facilities districts as legally constituted governmental entities within defined boundaries, with the

legislative body of the local applicable governmental entity acting on behalf of the district. Subject to approval by at least a two-thirds vote of the votes cast by qualified electors within the district and compliance with the provisions of the Act, the legislative body may issue bonds for the community facilities district established by it and may levy and collect a special tax (the "Special Tax") within such district to repay such bonds (see "SELECTED ESSENTIAL FACTS" and "FINANCIAL INFORMATION - Rate and Method of Special Tax Apportionment" herein).

On June 29, 1993, the City formed City of Beaumont Community Facilities District No. 93-1 (the "District") by the adoption of Resolution No. 1993-06. The District at that time consisted of 13 improvement areas (each an "Improvement Area" and collectively, the "Improvement Areas") encompassing approximately 3,189 acres. The District covers master planned, mixed use developments in the City known as KSE Development (residential), Olinger (commercial), Three Rings Ranch (residential), Rolling Hills (residential and commercial), Heartland (residential and commercial), Loma Linda (residential and commercial), Hovchild (residential and commercial), Deutsch (residential and commercial), Orangewood (residential), Orangewood/ICI (residential), Mountain Meadows (residential), and Kulikov (residential). In May 1995 Improvement Area No. 13 was approved by the electors within such Improvement Area to provide landscape maintenance services. As currently planned, the District will include single family and multifamily homes and commercial development. In December 1999 Improvement Area No. 14 was approved by the electors within such Improvement Area which includes the master-planned mixed use development known as Oak Valley Greens (residential and commercial).

Each Improvement Area has a separate Rate and Method of Special Tax Apportionment approved by the qualified electors within each respective Improvement Area (see "APPENDIX E" herein). The qualified electors within each Improvement Area voted in favor of the incurrence of bonded indebtedness and each Improvement Area has separate bond authorizations (see "DEBT STRUCTURE" herein).

In 1994 the District issued separate series of bonds on behalf of certain improvement areas within the District including Improvement Area Nos. 3 and 11 (collectively, the "1994 District Bonds"). Each series of the 1994 District Bonds are separately secured and payable only from Special Taxes levied within the respective Improvement Area.

The 1994 District Bonds were authorized by Resolution No. 1993-04 adopted by the City Council on September 27, 1993 and are secured by an Indenture of Trust dated as of January 15, 1994 by and between the City and BNY Western Trust Company, Los Angeles, California (the "Trustee") (the "Original District Indenture"). The 1994 District Bonds were purchased by the Authority from a portion of the proceeds of the Authority's 1994 Local Agency Revenue Bonds, Series A and Series B.

The District Bonds issued for Improvement Area Nos. 3 and 11 are payable on a parity with the 1994 District Bonds relating to such Improvement Areas. Improvement Area No. 14 does not have any prior bonded indebtedness. The principal amount of the 1994 District Bonds issued for Improvement Area Nos. 3 and 11 are as follows:

<u>Improvement Area</u>	<u>1994 District Bonds</u>
Improvement Area No. 3	\$1,060,580.84
Improvement Area No. 11	\$515,979.72

The Authority will purchase the District Bonds from a portion of the proceeds of its 2000 Local Agency Revenue Bonds, Series A.

Security and Sources of Repayment

The Bonds. The Bonds are secured under an Indenture of Trust dated as of January 15, 1994 (the "Original Indenture") and a First Supplemental Indenture of Trust dated as of June 1, 2000 (the "Supplemental Indenture"), both between the Authority and BNY Western Trust Company, Los Angeles, California, as trustee (the "Trustee") (see "SUMMARY OF THE LEGAL DOCUMENTS - THE INDENTURE" herein). Collectively, the Original Indenture and the Supplemental Indenture are referred to herein as the "Indenture".

The Bonds are special obligations of the Authority payable solely from and secured by the proceeds of (i) payment of the District Bonds to be acquired by the Authority with the proceeds of the Bonds, (ii) the Reserve Fund established with the proceeds of the Bonds and held pursuant to the Supplemental Indenture, (iii) any investment earnings with respect to such moneys and (iv) any available surplus revenues with respect to other series of bonds issued pursuant to the Indenture to the extent such surplus revenues are available to replenish the Reserve Fund for the Bonds (collectively, the "Revenues") (see "SOURCES OF PAYMENT FOR THE BONDS" herein). On the Delivery Date, the Authority will deliver to the Trustee a Cash Flow Certificate demonstrating that there will be sufficient Revenues assuming timely receipt from the scheduled repayment of the District Bonds and the sources described above to pay debt service on the Bonds (see "BONDOWNERS' RISKS" herein).

The Bonds are special obligations of the Authority. The Bonds do not constitute a debt or liability of the City of Beaumont, State of California or of any political subdivision thereof, other than the Authority. The Authority shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Beaumont (except to the limited extent described herein), the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Authority has no taxing power.

The District Bonds. The District Bonds are secured under the Original District Indenture and a Third Supplemental Indenture between the City and BNY Western Trust Company, Los Angeles, California, as District Trustee (the "District Trustee") dated as of June 1, 2000 (the "Supplemental District Indenture") (collectively, the Original District Indenture as heretofore amended and supplemented and as further supplemented by the Supplemental District Indenture are referred to herein as the "District Indenture") (see "SUMMARY OF THE LEGAL DOCUMENTS" herein). The District has covenanted in the District Indenture to levy in each Fiscal Year the Special Taxes on parcels of land within each Improvement Area pledged to the repayment of the respective District Bonds in an amount sufficient to pay Annual Debt Service on the respective District Bonds and the administrative expenses related to the applicable Improvement Area, subject to the limitation on the Maximum Annual Special Tax that may be levied on such land within each Improvement Area (see "THE DISTRICT - The Improvement Areas" for a description of the Improvement Areas and "FINANCIAL INFORMATION - Rate and Method of Special Tax Apportionment" for a description of the Special Tax within the each Improvement Area) ("SOURCES OF PAYMENT FOR THE BONDS" and "BONDOWNERS' RISKS" herein).

The District Bonds are special obligations of the District. The District Bonds do not constitute a debt or liability of the City, the State of California or of any political subdivision thereof, other than the District. The District shall only be obligated to pay the principal of the District Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Beaumont, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the District Bonds. The District has no ad valorem taxing power (see "SOURCES OF PAYMENT FOR THE BONDS" and "BONDOWNERS' RISKS" herein).

Purpose

The Bonds. Proceeds from the Bonds will be used to acquire the District Bonds on the Date of Delivery of the Bonds. In addition, Bond proceeds will be used to make a deposit to the Reserve Fund and to pay the expenses of the Authority in connection with the issuance of the Bonds. The amount of Bond proceeds deposited into the Reserve Fund will be in an amount equal to \$1,280,925 (see “APPENDIX A - DEFINITIONS OF CERTAIN TERMS USED IN THE INDENTURE AND THE DISTRICT INDENTURE - Reserve Requirement” and “THE BONDS - Sources and Uses of Funds” herein).

The District Bonds. The District Bonds are being issued to provide the District with funds to finance public infrastructure related to the respective Improvement Areas (see “THE DISTRICT - Facilities to be Financed by the District”), to fund interest on the District Bonds to and including September 1, 2001, and to pay the expenses of the District in connection with the issuance of the District Bonds (see “THE BONDS - Sources and Uses of Funds” herein).

The Bonds

Redemption. The Bonds maturing September 1, 2010, September 1, 2020 and September 1, 2032 are subject to mandatory redemption, without premium, prior to their maturity date, in part by lot on September 1 in each year commencing September 1, 2002 with respect to the Bonds maturing September 1, 2010, September 1, 2011 with respect to the Bonds maturing September 1, 2020, and September 1, 2021 with respect to the Bonds maturing September 1, 2032 from Sinking Account payments under the Indenture (see “THE BONDS - Redemption - Mandatory Redemption” herein).

The Bonds are subject to optional redemption prior to maturity, in whole or in part, in a manner determined by the Authority, on September 1, 2010, and on any date thereafter at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, plus a premium, as described herein (see “THE BONDS - Redemption - Optional Redemption” herein).

The Bonds are subject to redemption, in part, on any date from amounts constituting prepayments of Special Taxes at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, plus a premium, as described herein (see “THE BONDS - Redemption - Mandatory Redemption from Special Taxes” herein).

The Bonds are subject to special mandatory redemption in whole or in part, on any date without premium under certain other circumstances as described herein (see “THE BONDS - Redemption” herein).

Denominations. The Bonds will be issued in the minimum denomination of \$5,000 each or any integral multiple thereof (see “THE BONDS - General Provisions” herein).

Registration, Transfer and Exchange. The Bonds will be issued in fully registered form without coupons. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture (see “THE BONDS - General Provisions - Transfer or Exchange of Bonds” herein). When delivered, the Bonds will be registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee. DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry form only in the principal amount of \$5,000 each or any integral thereof. Purchasers of the Bonds will not receive certificates representing their Bonds purchased (see “THE BONDS - General Provisions - Book-Entry Only System” herein).

Payment. Principal of the Bonds and any premium upon redemption will be payable in each of the years and in the amounts set forth on the cover page hereof upon surrender at the corporate trust office of the Trustee in Los Angeles, California. Interest on the Bonds will be paid by check of the Trustee mailed by first class mail on the Interest Payment Date to the person entitled thereto (except as

otherwise described herein for interest paid to an account in the continental United States of America by wire transfer as requested in writing no later than the applicable Record Date by owners of \$1,000,000 or more in aggregate principal amount of Bonds) (see **"THE BONDS - General Provisions"** herein). Initially, interest on and principal and premium, if any, of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest, principal and premium, if any, to DTC Participants (as defined herein), which will in turn remit such interest, principal and premium, if any, to Beneficial Owners (as defined herein) of the Bonds (see **"THE BONDS - General Provisions - Book-Entry Only System"** herein) .

Notice. Notice of any redemption will be mailed by first class mail by the Trustee at least thirty (30) but no more than sixty (60) days prior to the date fixed for redemption to the registered owners of any Bonds designated for redemption and to the Securities Depositories and Information Services provided in the Indenture. Neither failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date (see **"THE BONDS - Redemption - Notice of Redemption"** herein).

Parity District Bonds. Although the Authority may not issue additional series of bonds on a parity with the Bonds, the District has issued, and may in the future issue, bonds on a parity with the District Bonds (see **"SUMMARY OF THE LEGAL DOCUMENTS - THE INDENTURE - Sale of the District Bonds"** and **"DEBT STRUCTURE - Additional Obligations"** herein).

Legal Matters

The legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of McFarlin & Anderson, Lake Forest, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading **"LEGAL MATTERS"** herein. Certain legal matters will be passed on for the Authority and the City by Aklufi & Wysocki, Riverside, California, as Authority Counsel and by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel.

Professional Services

BNY Western Trust Company, Los Angeles, California, will serve as trustee (the "Trustee") under the Indenture. The Trustee will act on behalf of the Bondowners for the purpose of receiving all moneys required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

General Government Management Services, Rancho Mirage, California, prepared the cash flow certificate for all three Improvement Areas demonstrating that there will be sufficient Special Taxes, assuming timely receipt, to pay debt service on the District Bonds (see **"CONCLUDING INFORMATION - Experts"** herein).

Rod Gunn Associates, Inc., Seal Beach, California, Financing Consultant, advised the Authority as to the financial structure and certain other financial matters relating to the Bonds. Fees payable to Bond Counsel, Disclosure Counsel and the Financing Consultant are contingent upon the sale and delivery of the Bonds.

Offering of the Bonds

Authority for Issuance. The Bonds are issued in accordance with the laws of the State of California (the "State"), and particularly the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the Government Code of the State (the "Bond Law").

The Bonds are the second series of revenue bonds being issued by the Authority pursuant to the Indenture. The Indenture authorizes the Authority to issue additional series of revenue bonds from time to time to finance or purchase bonds or other obligations of the City or the Agency. Each such series of Authority bonds will be separately secured under the terms of a supplemental indenture. The District is authorized to issue Additional Bonds secured by the Special Taxes pledged pursuant to the District Supplemental Indenture (see "DEBT STRUCTURE - Additional Obligations - The Authority" herein).

The Bonds are being sold to O'Connor & Company Securities (the "Underwriter"), pursuant to a Bond Purchase Agreement approved by the Authority by Resolution No. BFA 2000-01 adopted April 25, 2000.

Offering and Delivery of the Bonds. The Bonds are offered, when, as and if issued, subject to the approval as to their legality by McFarlin & Anderson, Lake Forest, California, as Bond Counsel. Certain legal matters will be passed upon for the Authority by Aklufi & Wysocki, Riverside, California, as Authority Counsel and by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery in New York, New York on or about June 21, 2000 for deposit with The Depository Trust Company.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Financing Consultant or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds described herein, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale or to any person to whom it is unlawful to make such offer, solicitation or sale.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Information Concerning this Official Statement

This Official Statement speaks only as of its date. The information set forth herein has been obtained by Rod Gunn Associates, Inc., from the Authority, the District, the City, the Landowners and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, nor has it been independently verified and is not to be construed as a representation by the Financing Consultant, the Authority or the District. The Underwriter has provided the following

sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended as such and are not to be construed as representations of fact. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Authority or the District since the date hereof.

Continuing Disclosure. The Authority has determined that, except for information relating to fund balances held by the Trustee with respect to the Bonds, no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The District has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to such disclosures.

The District and the Developers have covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District each year and to provide certain financial information and operating data relating to the District on a semi-annual basis. The District has agreed to make such information available not later than 120 days after the end of the City's fiscal year, commencing with fiscal year 2000/01 and the Developers have agreed to make such information available not later than 120 days after the end of such Developer's fiscal year, commencing with fiscal year 2000/01 (each an "Annual Report" and collectively the "Annual Reports"), and to provide notices of the occurrences of certain enumerated events, if material. The District and the Developers shall file or cause to be filed the Annual Reports with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State information depository, if any. The notices of material events will be filed by the Dissemination Agent on behalf of the District and the Developers with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of information to be contained in the Annual Reports or the notice of material events is summarized in "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENTS." These covenants have been made by the District and the Developers in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission. Each Developer will be released from its obligation under its respective Continuing Disclosure Agreement to provide its Annual Report at such time as the property owned by such Developer is no longer responsible for payment of 20% or more of the Special Taxes in its respective Improvement Area. The District has never failed to meet its continuing disclosure requirement under such rule.

Each year until the final maturity of the District Bonds, the District is required to, not later than October 30 of each year, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid:

1. The principal amount of District Bonds outstanding.
2. The balance in any District Bonds reserve fund.
3. The balance in any capitalized interest fund.
4. The number of parcels which are delinquent with respect to their Special Tax payments, the amount that each parcel is delinquent, the length of time that each has been delinquent, and when foreclosure was commenced for each delinquent parcel.
5. The balance in any construction funds.

6. The assessed value of all parcels subject to Special Tax to repay the District Bonds as shown on the most recent equalized roll.

In addition, both the Authority and the District are required to notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within 10 days if any of the following events occur:

1. The Authority, the District or its Trustee fails to pay principal and interest due on any scheduled payment date.
2. Funds are withdrawn from any reserve fund to pay principal and interest on the Bonds or the District Bonds.

Neither the District, the Authority nor the California Debt and Investment Advisory Commission will be liable for any inadvertent error in reporting the required information. The failure by the District to comply with its reporting obligations is not, initially, a default under the District Indenture.

Availability of Legal Documents. The summaries and references contained herein with respect to the Original Indenture, the Supplemental Indenture, the Bonds, the District Bonds, the Original District Indenture, the District Supplemental Indenture, and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Definitions of certain terms used herein are set forth in "APPENDIX A" hereto. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Financing Consultant, Rod Gunn Associates, Inc., 3010 Old Ranch Parkway, Suite 330, Seal Beach, California 90740, telephone (562) 598-7677, or the Underwriter, O'Connor & Company Securities, 3 Civic Plaza, Suite 100, Newport Beach, California 92660, telephone (949) 717-2000. Copies of these documents may be obtained after delivery of the Bonds from the Authority at 550 E. 6th Street, Beaumont, California 92223, telephone (909) 769-8520.

SELECTED ESSENTIAL FACTS

The following summary does not purport to be complete. Reference is hereby made to the complete Official Statement in this regard. Further, the following summary makes certain assumptions regarding valuation of property within the District. Neither the Authority nor the District makes any representation as to the current value of property in the District or provides any assurance as to the estimated values of property being achieved (see "BONDOWNERS' RISKS" herein).

THE BONDS

Principal Amount of Bonds:	\$14,725,000
Additional Bonds:	No Additional Bonds on a parity with the Bonds are authorized (see "DEBT STRUCTURE - Additional Obligations" herein).
First Optional Redemption Date:	September 1, 2010 at 102% of Principal Amount (see "THE BONDS-Redemption" herein).
First Mandatory Redemption Date:	On any date from prepayment of Special Taxes at a premium, as described herein.
Primary Source of Revenues for Repayment:	The Bonds are payable from Revenues as defined herein received from the payment of the District Bonds and certain other sources (see "SOURCES OF PAYMENT FOR THE BONDS" and "BONDOWNERS' RISKS" herein).
Priority:	All Bonds secured by a first pledge of and lien on the Revenues as described herein (see "SUMMARY OF THE LEGAL DOCUMENTS" herein).

THE DISTRICT BONDS

Principal Amount of District Bonds:	
Improvement Area No. 3	\$ 2,875,000
Improvement Area No. 11	\$ 965,000
Improvement Area No. 14	\$10,885,000
Additional District Bonds:	Additional District Bonds may be issued on a parity with the District Bonds under certain circumstances (see "DEBT STRUCTURE - Additional Obligations" herein).
Primary Source of Revenues for Repayment:	Special Taxes levied within Improvement Area Nos. 3, 11, and 14, respectively, of the District as defined herein (see "FINANCIAL INFORMATION - Rate and Method of Special Tax Apportionment" herein).
Priority:	All District Bonds are secured by a first pledge of and lien on all Special Taxes levied in the applicable Improvement Area of the District only (see "SOURCES OF PAYMENT FOR THE BONDS" and "BONDOWNERS' RISKS" herein).

THE DISTRICT

Description of Proposed Development:	Mixed use master planned communities, subdivisions and commercial and industrial parcels (see "THE DISTRICT - The Improvement Areas" herein).	
Estimated Acreage in each Improvement Area:	Improvement Area No. 3	174.40 acres
	Improvement Area No. 11	34.04 acres
	Improvement Area No. 14	532.80 acres
Number of Property Owners on the Date of Delivery of the Bonds:	Improvement Area No. 3	1
	Improvement Area No. 11	26
	Improvement Area No. 14	1
Developers in Improvement Areas which are incurring bonded indebtedness:	Improvement Area No. 3	Three Rings Ranch Inc.
	Improvement Area No. 11	Mountain Meadows
	Improvement Area No. 14	Westbrook Oak Valley Properties, LLC
Appraised Fair Market Value of Raw Land and Improvements in Improvement Areas within the District which are incurring bonded indebtedness, plus the Improvements Financed with Bond Proceeds:	Improvement Area No. 3	\$13,990,000
	Improvement Area No. 11	\$ 6,960,000
	Improvement Area No. 14	\$48,445,000
Ratio of Market Value within an Improvement Area to Principal Amount of District Bonds and 1994 District Bonds for such Improvement Area:	Improvement Area No. 3	3.55 to 1
	Improvement Area No. 11	4.70 to 1
	Improvement Area No. 14	4.45 to 1
Minimum Ratio of Authorized Maximum Annual Special Taxes in any Fiscal Year to Annual Debt Service on the District Bonds and any Parity Bonds:	Improvement Area No. 3	110%
	Improvement Area No. 11	110%
	Improvement Area No. 14	105%

THE BONDS

General Provisions

Repayment of the Bonds. Interest is payable on the Bonds at the rate per annum set forth on the cover page hereof. Interest with respect to the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Each Bond will be dated the Date of Delivery, and interest with respect thereto will be payable from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest with respect thereto will be payable from such Interest Payment Date; (b) it is authenticated on or before August 15, 2000, in which event interest with respect thereto will be payable from Date of Delivery; or (c) interest with respect to any Outstanding Bond is in default, in which event interest with respect thereto will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the Bonds will be payable by check of the Trustee mailed by first class mail on the applicable Interest Payment Date to the Owners thereof provided that in the case of an Owner of \$1,000,000 or greater in principal amount of Outstanding Bonds, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the continental United States in accordance with written instructions provided prior to the applicable Record Date to the Trustee by such Owner. The Owners of the Bonds shown on the Registration Books on the Record Date for the Interest Payment Date will be deemed to be the Owners of the Bonds on said Interest Payment Date for the purpose of the paying of interest. Principal of the Bonds and any premium upon early redemption is payable upon presentation and surrender thereof, at the corporate trust office of the Trustee in Los Angeles, California.

Book-Entry-Only System. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants'

records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the City and the District believe to be reliable, but the Authority, the City or the District take no responsibility for the accuracy thereof.

Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the corporate trust office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount. The Trustee may require the payment by the Bondowner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not required to transfer or exchange (a) any Bonds or portions thereof during the period established by the Trustee for selection of Bonds for redemption, or (b) any Bonds selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the Authority, at the expense of the Bondowner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like series, tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it. If any Bond issued under the Indenture is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to it and indemnity satisfactory to it is given, the Authority, at the expense of the Bondowner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment by the Bondowner of a sum not exceeding the actual cost of preparing each new Bond issued under the provisions of the Indenture described in this paragraph and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of the Indenture described in this paragraph in lieu of any Bond alleged to be lost, destroyed or stolen will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Authorization

The Authority Bonds. The Bonds are being issued pursuant to the Indenture. The Bonds are being sold to the Underwriter pursuant to, and subject to the terms and conditions of, the Bond Purchase Contract by and among the Underwriter, the Authority and the District (the "Purchase Contract"). The Indenture and the Purchase Contract were approved by the Authority pursuant to Resolution No. BFA 2000-01 adopted April 25, 2000.

The District Bonds. The District Bonds are being issued pursuant to the District Indenture.

The City Council, on behalf of the District, pursuant to Resolution No. 2000-20 adopted April 25, 2000, approved the issuance of the District Bonds and the Purchase Contract for Purchase and Sale of District Bonds selling the District Bonds to the Authority. The Board of Directors of the Authority pursuant to Resolution No. BFA 2000-01 adopted April 25, 2000, authorized the Authority to acquire the District Bonds.

Estimated Sources and Uses of Funds

Proceeds from the sale of the Bonds will be used to provide funds to acquire the District Bonds in the aggregate principal amounts indicated below. Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and will apply them as follows:

Sources of Funds

Principal Amount of the Bonds	\$14,725,000.00
Original Issue Discount	(326,694.40)
Underwriter's Discount	<u>(294,500.00)</u>
Total	\$14,103,805.60

Uses of Funds

2000 Bonds Program Fund ⁽¹⁾	\$12,222,802.79
2000 Bonds Expense Fund ⁽²⁾	600,077.81
2000 Bonds Reserve Fund ⁽³⁾	<u>1,280,925.00</u>
Total	\$14,103,805.60

(1) To be used to acquire the District Bonds.

(2) Expenses include fees of Bond Counsel, the Financing Consultant, Disclosure Counsel, the Appraiser, Market Consultant, Special Tax Consultant, Project Engineer, the Trustee, costs of printing the Official Statement, and other costs of issuance of the Bonds.

(3) Equal to the initial Reserve Requirement.

District Bond Proceeds

The District will deposit the proceeds from the District Bonds as follows:

Sources

Principal Amount of District Bonds	
Improvement Area No. 3	\$ 2,875,000.00
Improvement Area No. 11	965,000.00
Improvement Area No. 14	10,885,000.00
Bond Purchase Discount	<u>(2,502,197.21)</u>
Total Available Funds	\$12,222,802.79

Uses

Construction Fund:	
Improvement Area No. 3	\$ 2,090,529.79
Improvement Area No. 11	700,000.00
Improvement Area No. 14	8,161,988.79
2000 Bonds Bond Fund ⁽¹⁾	<u>1,270,284.21</u>
Total	\$12,222,802.79

(1) Estimated Capitalized Interest through September 1, 2001.

Investment of Funds

All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture or to be held by the District Trustee pursuant to the District Indenture, will be invested solely in Permitted Investments (see “**APPENDIX A - DEFINITION OF CERTAIN TERMS**” herein), as directed pursuant to the Written Request of the Authority or the District filed with the Trustee or the District Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request, the Trustee will invest any such moneys in commercial paper or money market funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. For the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund will be calculated at the market thereof (excluding any accrued interest).

Redemption

Notwithstanding any provisions in the Indenture to the contrary, upon any optional redemption or mandatory redemption from Special Taxes in part, the Authority shall deliver a Written Certificate to the Trustee at least sixty (60) days prior to the proposed redemption date or such later date as shall be acceptable to the Trustee so stating that the remaining payments of principal and interest on the District Bonds, together with other Revenues to be available, will be sufficient on a timely basis to pay debt service on the Bonds, as demonstrated in a Cash Flow Certificate delivered to the Trustee with such Written Certificate.

The Authority is required, in such Written Certificate, to certify to the Trustee that sufficient moneys for purposes of such redemption are or will be on deposit in the Revenue Fund and is required to deliver such moneys to the Trustee together with other Revenues, if any, then to be delivered to the Trustee pursuant to the Indenture, which moneys are required to be identified to the Trustee in the Written Certificate delivered with the Revenues.

Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the Authority on any date on or after September 1, 2010, as a whole or in part, by lot, from any available source of funds at the following redemption prices, (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the date fixed for redemption as follows:

<u>Redemption Periods</u>	<u>Redemption Prices</u>
September 1, 2010 through August 31, 2011	102.0%
September 1, 2011 through August 31, 2012	101.0%
September 1, 2012 and thereafter	100.0%

Special Mandatory Redemption from Prepayment of Special Taxes. The Bonds are subject to redemption prior to maturity on any date, in part, in a manner determined by the Authority from prepayment of District Bonds from amounts constituting prepayments of Special Taxes at the following redemption prices, (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the date fixed for redemption as follows:

<u>Redemption Periods</u>	<u>Redemption Prices</u>
September 1, 2001 through August 31, 2005	103.0%
September 1, 2005 through August 31, 2010	102.5%
September 1, 2010 and thereafter as provided for optional redemption	

Mandatory Sinking Payment Redemption. The Bonds maturing September 1, 2010, September 1, 2020 and September 1, 2032 are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, 2002 with respect to the Bonds maturing September 1, 2010, September 1, 2011 with respect to the Bonds maturing September 1, 2020, and September 1, 2021 with respect to the Bonds maturing September 1, 2032 from mandatory sinking payments made by the Authority into the 2000 Bonds Principal Account pursuant to the Indenture at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 1 in the respective years as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of the Bonds have been redeemed pursuant to optional redemption, mandatory redemption from Special Taxes or special mandatory redemption provisions described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the Authority. The Authority need not apply the moneys derived from prepayment of District Bonds to the redemption of the Bonds under certain circumstances as provided in the Indenture.

**SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
TERM BONDS MATURING SEPTEMBER 1, 2010**

<u>September 1 Year</u>	<u>Principal Amount</u>
2002	\$ 175,000
2003	165,000
2004	155,000
2005	155,000
2006	170,000
2007	190,000
2008	205,000
2009	215,000
2010	225,000 (maturity)

**SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
TERM BONDS MATURING SEPTEMBER 1, 2020**

2011	\$235,000
2012	250,000
2013	265,000
2014	280,000
2015	295,000
2016	310,000
2017	330,000
2018	350,000
2019	370,000
2020	400,000 (maturity)

**SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
TERM BONDS MATURING SEPTEMBER 1, 2032**

2021	\$ 420,000
2022	450,000
2023	475,000
2024	710,000
2025	765,000
2026	820,000
2027	880,000
2028	940,000
2029	1,020,000
2030	1,090,000
2031	1,175,000
2032	1,240,000 (maturity)

Special Mandatory Redemption.

(1) The Bonds are also subject to special mandatory redemption on any Interest Payment Date, in part by lot within a maturity, from regularly scheduled payments of principal of and interest on the District Bonds (if and to the extent such regularly scheduled payments on the District Bonds are not applied to regularly scheduled payments of principal of and interest on the Bonds) at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, plus interest accrued to the date fixed for redemption, all as determined by the Authority.

(2) The Bonds are subject to special mandatory redemption on September 1, 2003 or any date thereafter, in whole or in part, by lot within a maturity, from moneys transferred to the Redemption Account from the Residual Account (established pursuant to the Indenture), including moneys representing the proceeds of sale or refunding of the District Bonds deposited in the Redemption Account, provided that upon any such redemption, the Authority shall pay the optional redemption premium described above, all as determined by the Authority.

(3) The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of \$5,000 equal to the principal amount of District Bonds redeemed with unused proceeds of the District Bonds after completion or abandonment of the improvements to be financed with such proceeds, from the deposit of fees with the District by a public agency which has accepted facilities serving an area of the District, and from insurance or

condemnation proceeds or other mandatory redemption, sale or acceleration relating to the District Bonds, without premium, plus accrued interest to the redemption date, all as determined by the Authority (see "THE DISTRICT – Facilities to be Financed by the District" for a description of the scope of the Project).

Upon any optional redemption, special mandatory redemption from Special Taxes or other special mandatory redemption in part, as described above, the maturity or maturities of the Bonds to be redeemed will be specified by the Authority as further provided in the Indenture.

Notice of Redemption. When redemption is authorized or required, the Trustee is required to give written notice of the redemption of Bonds to the Bondowners designated for redemption at their addresses appearing on the bond registration books, to certain Securities Depositories, and to one or more Information Services, all as provided in the Indenture, by first class mail, postage prepaid, no less than thirty (30), nor more than sixty (60), days prior to the date fixed for redemption. Neither failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date.

Effect of Redemption. The rights of a Bondowner to receive interest will terminate on the date, if any, on which the Bond is to be redeemed pursuant to a call for redemption. The Indenture contains no provisions requiring any publication of notice of redemption, and Bondowners must maintain a current address on file with the Trustee to receive any notices of redemption.

Partial Redemption. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee will authenticate and deliver to the Bondowner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

SOURCES OF PAYMENT FOR THE BONDS

Repayment of the Bonds

General. The Bonds are payable solely from and secured by repayment of the District Bonds, the Reserve Fund held pursuant to the Indenture, certain investment earnings on the funds and accounts held under the Indenture, and (for purposes of replenishing any deficiency in the Reserve Fund) by any available surplus revenues with respect to other series of bonds issued pursuant to the Indenture.

The Bonds are special obligations of the Authority. The Bonds shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof, other than the Authority. The Authority shall only be obligated to pay the principal of the Bonds and the interest thereon from the funds described herein, and neither the faith and credit nor the taxing power of the District, except to the limited extent described herein, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Authority has no taxing power.

Revenue Fund. The Trustee will deposit all Revenues with respect to the Bonds, when received from the District Trustee for the District Bonds, into the Revenue Fund. The Trustee, from time to time pursuant to a Written Certificate of the Authority, will transfer to the Expense Fund an amount, together with any other available amounts in the Expense Fund, necessary to pay Program Expenses due prior to the next succeeding Interest Payment Date. At least five (5) Business Days prior to each Interest Payment Date, the Trustee will transfer from the Revenue Fund for deposit into the Bond Fund which consists of the following accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

- (i) The Trustee will deposit into the Interest Account an amount which, together with the amount then on deposit therein, including amounts, if any transferred by the Trustee from the Reserve Fund, is sufficient to cause the aggregate amount on deposit in the Interest Account to equal the amount then required to make any payment of interest on the Bonds.
- (ii) The Trustee will deposit into the Principal Account an amount which, together with the amount then on deposit therein, including amounts, if any transferred by the Trustee from the Reserve Fund, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal or sinking account payment coming due and payable on such Interest Payment Date on the Outstanding Bonds upon the stated maturity or redemption thereof.
- (iii) The Trustee will deposit into the Reserve Fund an amount, if any, required to restore the amount on deposit in the Reserve Fund to the Reserve Requirement.
- (iv) The Trustee will deposit all remaining amounts into the Residual Account.

Reserve Fund. In order to secure further the timely payment of principal of and interest on the Bonds, the Authority is required, upon delivery of the Bonds, to deposit in the Reserve Fund for the Bonds an amount equal to the Reserve Requirement. Thereafter, the Authority is required to deposit from the repayment of the District Bonds (and to the extent necessary, from available surplus revenues with respect to other series of bonds issued pursuant to the Indenture **"DEBT STRUCTURE - Outstanding Indebtedness"** herein) and maintain an amount of money equal to the Reserve Requirement in the Reserve Fund at all times while the Bonds are Outstanding. Amounts in the Reserve Fund will be used to pay debt service on the Bonds to the extent other moneys are not available therefor. Amounts in the Reserve Fund in excess of the Reserve Requirement will be deposited into the Interest Account if not allocated to a reserve fund which is not at the applicable reserve requirement. Amounts in the Reserve

Fund may be used to pay the final year's debt service on the Bonds (see "SUMMARY OF THE LEGAL DOCUMENTS" herein). Upon mandatory redemption, amounts on deposit in the Reserve Fund shall be reduced (to an amount not less than the Reserve Requirement) and excess money shall be transferred to the Redemption Account and used for the redemption of Bonds.

The Authority may fund all or a portion of the Reserve Requirement with one or more Qualified Reserve Fund Credit Instruments. Upon deposit of any Qualified Reserve Fund Credit Instrument with the Trustee, the Trustee shall pay to the Authority from amounts in the Reserve Fund an amount equal to the principal of the Qualified Reserve Fund Credit Instrument (see "SUMMARY OF THE LEGAL DOCUMENTS" herein).

Residual Account.

Moneys deposited into the Residual Account will be transferred by the Trustee in the following order of priority:

- (i) to make up any deficiency in the Funds and Accounts in the following order: FIRST to the Interest Account; SECOND to the Principal Account; and THIRD to the Reserve Fund;
- (ii) on any Interest Payment Date any Revenues collected by the Trustee and which are in excess of the amounts required to be applied in (i) above will be transferred, upon the Trustee's receipt of a Written Certificate of the Authority, to the Authority. The Authority will pay such moneys to the District Trustee to be used to pay Project Costs or as otherwise provided in the District Indenture. At any time and from time to time, the Authority will certify to the amount of any such excess in a Written Certificate of the Authority delivered to the Trustee.

Repayment of the District Bonds

General. The principal of, premium, if any, and the interest on the District Bonds, and the Administrative Expenses of the Authority and the District, are payable from the Special Taxes collected on real property in Improvement Area Nos. 3, 11 and 14 within the District and funds held by the District Trustee and available for such purposes pursuant to the District Indenture.

The District Bonds are limited obligations of the District payable solely from the proceeds of Special Taxes levied on certain parcels in the applicable Improvement Areas within the District. The District Bonds shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof, other than the District. Neither the faith and credit nor the taxing power of the City of Beaumont, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the District Bonds.

Special Taxes. The Special Taxes are excepted from the tax rate limitation of California Constitution Article XIII A pursuant to Section 4 thereof as a "special tax" authorized by at least a two-thirds vote of the qualified electors as set forth in the Act. Consequently, the City Council of the City on behalf of the District has the power and is obligated by the District Indenture to cause the levy and collection of the Special Taxes.

The District has covenanted in the District Indenture to levy (subject to the Maximum Annual Special Tax for the respective Improvement Area) in each Fiscal Year the Special Taxes within the Improvement Areas in an amount sufficient to pay the debt service on the District Bonds for such Improvement Areas and the cost of providing certain Administrative Expenses of the District and the Authority.

The Special Taxes are to be levied and collected according to the Rate and Method of Special Tax Apportionment for the respective Improvement Area described in the section entitled "FINANCIAL INFORMATION - Rate and Method of Special Tax Apportionment" herein.

Although the Special Taxes will constitute a lien on parcels of real property within the applicable Improvement Area within the District, they do not constitute a personal indebtedness of the owner(s) of real property within such Improvement Area. There is no assurance that the property owners, or any successors and/or assigns thereto or subsequent purchaser(s) of land within the District, will be able to pay the annual Special Taxes or if able to pay the Special Taxes that they will do so (see "BONDOWNERS' RISKS" and "THE DISTRICT - The Improvement Areas" herein).

The Special Taxes initially are required to be collected by the County of Riverside Tax Collector in the same manner and at the same time as regular ad valorem property taxes are collected by the Tax Collector of the County. When received, such Special Taxes will be deposited in the Special Tax Fund for the District to be held by the City and transferred by the City to the District Trustee as provided in the District Indenture.

Capitalized Interest. There will be an initial deposit to the District Bond Fund out of District Bond proceeds which has been calculated to be sufficient to make interest payments on each series of the District Bonds due to and including September 1, 2001.

Covenant for Superior Court Foreclosure.

Pursuant to Section 53356.1 of the Act, in the event of a delinquency in the payment of the Special Taxes levied on an Improvement Area, the District may order the institution of a superior court action to foreclose the lien therefor, provided such action is brought not later than four years after the final maturity date of the District Bonds. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale.

The District has covenanted in the District Indenture for the benefit of the owners of the District Bonds that the District will determine or cause to be determined, no later than March 1 and August 1 of each year, whether or not any owners of the property within the applicable Improvement Area of the District are delinquent in the payment of Special Taxes and, if such delinquencies exist, the District will order and cause to be commenced not later than April 15 (with respect to the March 1 determination date) or September 1 (with respect to the August 1 determination date), and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due, provided, however, that the District shall not be required to order the commencement of foreclosure proceedings if (i) the total Special Tax delinquency in the applicable Improvement Area of the District for such Fiscal Year is less than five percent (5%) of the total Special Tax levied in such Fiscal Year, and (ii) the District shall have established from any source of lawfully available funds (other than Special Taxes) an escrow fund to provide for the payment of principal, and interest on the applicable Series of District Bonds. Notwithstanding the foregoing, if the District determines that any single property owner in the applicable Improvement Area is delinquent in excess of ten thousand dollars (\$10,000) in the payment of the Special Tax, then it will diligently institute, prosecute and pursue foreclosure proceedings against such property owner. The City Clerk shall notify the Trustee and the City Attorney with 5 Business Days of March 1 and August 1 of any delinquency requiring the commencement of a foreclosure action pursuant to the District Indenture and the City Attorney shall commence, or cause to be commence, such proceedings.

No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not require the District or the City to purchase or otherwise acquire any lot or parcel of property sold at the execution sale pursuant to the

judgment in any such action if there is no other purchaser at such sale, nor does the Act specify the priority relationship, if any, between the Special Taxes and other taxes and assessment liens.

As a result of the foregoing, in the event of a delinquency or nonpayment by the property owners in the District of one or more Special Taxes installments, there can be no assurance that there would be available to the District sufficient funds to pay when due the principal of, interest on and premium, if any, on the applicable series of District Bonds (see “**BONDOWNERS’ RISKS - The District Bonds - Concentration of Ownership**” “**BONDOWNERS’ RISKS - The District Bonds - Bankruptcy and Foreclosure Delays**” and “**BONDOWNERS’ RISKS - The District Bonds - Property Controlled by Federal Deposit Insurance Corporation and other Federal Agencies**” herein).

Prepayment of Special Tax. A property owner may prepay its Special Taxes and thereby cause a redemption of District Bonds. See “**APPENDIX F – PREPAYMENT OF SPECIAL TAXES**” herein.

BONDOWNERS’ RISKS

General

BEFORE PURCHASING ANY OF THE BONDS, ALL PROSPECTIVE INVESTORS AND THEIR PROFESSIONAL ADVISORS SHOULD CAREFULLY CONSIDER, AMONG OTHER THINGS, THE FOLLOWING RISK FACTORS, WHICH ARE NOT MEANT TO BE AN EXHAUSTIVE LISTING OF ALL RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS. MOREOVER, THE ORDER OF PRESENTATION OF THE RISK FACTORS DOES NOT NECESSARILY REFLECT THE ORDER OF THEIR IMPORTANCE.

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters.

The Bonds

The ability of the Authority to pay the principal and interest on the Bonds depends upon the receipt by the Trustee of sufficient Revenues from repayment of the District Bonds, amounts on deposit in the Reserve Fund and interest earnings on amounts in the funds and accounts for the Bonds established by the Indenture. A number of risks that could prevent the District from repaying the District Bonds are outlined below.

Early Bond Redemption. The Bonds are subject to optional, special mandatory and mandatory redemption prior to their respective stated maturities. Special mandatory redemption from prepayment of District Bonds from amounts constituting prepayments of Special Taxes may occur on any date (see “**THE BONDS - Redemption**” herein).

No Liability of the Authority to the Owners. Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the District Bonds, or with respect to the observance or performance by the District of other agreements, conditions, covenants and terms required to be observed or performed by it under the District Bonds, the District Indenture or any related documents or with respect to the performance by the Trustee of any duty required to be performed by it under the Indenture.

Loss of Tax Exemption. As discussed under the caption “**LEGAL MATTERS - Tax Exemption**” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Authority or the District in violation of their covenants contained in the Indenture and the District Indenture,

respectively. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture.

Secondary Market. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

The District Bonds

Limited Obligation. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof other than the District is pledged to the payment of the District Bonds. Except for the Special Taxes derived from the applicable Improvement Area, no other taxes are pledged to the payment of a Series of the District Bonds. Each Series of District Bonds are not general or special obligations of the City, the State or any political subdivision thereof nor general obligations of the District, but are special obligations of the District, payable solely from net Special Tax Revenues and the other assets pledged therefor under the District Indenture.

Insufficiency of Special Tax Revenues. As discussed herein, the amount of Special Taxes that are collected with respect to an Improvement Area could be insufficient to pay principal of, interest and premium, if any, on the applicable series of District Bonds due to nonpayment of the Special Taxes levied and insufficient or no proceeds received from a foreclosure sale of land within the Improvement Area of the District.

The City has covenanted in the District Indenture to institute foreclosure proceedings upon delinquencies in the payments of the Special Taxes as described herein and to sell any real property with a lien of delinquent Special Taxes to obtain funds to pay debt service on the District Bonds. If foreclosure proceedings are ever instituted, any holder of a mortgage or deed of trust could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest. See “**SOURCES OF PAYMENT FOR THE BONDS - Repayment of the District Bonds - Covenant for Superior Court Foreclosure**” herein for provisions which apply in the event foreclosure is required and which the District is required to follow in the event of delinquency in the payment of Special Taxes.

Section 53317.3 of the Act provides that, if any real property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and be enforceable against the public entity that acquires the property. Additionally, Section 53317.5 provides that, if any property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. However, the constitutionality and operation of these provisions of the Act have not been tested. If for any reason, property subject to the Special Tax becomes exempt from taxation by reason of ownership by a non-taxable entity, such as the federal government or another public agency, and the District is unable to collect the Special Taxes or obtain compensation through the condemnation procedure, the Special Tax will be reallocated to the remaining taxable properties within the applicable Improvement Area up to the Maximum Annual Special Tax. This reallocation would result in the owners of taxable properties within the applicable Improvement Area subject to the Special Tax paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax by such owners and therefore the ability to pay debt service on the Bonds.

Concentration of Ownership. Currently there is a single Property Owner within each Improvement Area that owns all or relatively substantial amounts of land within the applicable Improvement Area (see “THE DISTRICT” herein). The only asset of Property Owners which constitutes security for the District Bonds is their property holdings assessed within the applicable Improvement Area. There are expected to be subsequent transfers of ownership of the property within the District to merchant residential builders, to individual owners of single family homes and commercial builders during the development of the land within the District. The fact that individual property owners own a significant percent of land within each of the Improvement Areas presents substantial risk to the Bondowners.

No Personal Liability for Special Taxes. No Property Owner, or any merchant builder or any officer, partner, member, or affiliate thereof will be personally liable for the payment of the Special Taxes to be applied to pay the principal of and interest on the District Bonds. In addition, there is no assurance that any Property Owner or any merchant builder will be able to pay the Special Taxes or that any Property Owner or any merchant builder will pay such Special Taxes even if it is financially able to do so. No representation is made that a Property Owner will have moneys available (or that it will advance such moneys, if available) to complete the development of the land within the applicable Improvement Area in the manner described herein. Accordingly, the Property Owner’s financial statements are not included in this Official Statement. No property owner is obligated in any manner to continue to own any of the land it presently owns within the District.

Foreclosure and Sale Proceedings. Payment of the Special Taxes is secured by the parcels assessed. In the event an annual installment of the Special Taxes included in the County tax bill of an assessed parcel is not paid when due, the District can institute foreclosure proceedings in court to cause the parcel to be sold in order to recover the delinquent amount from the sale of proceeds (see “SOURCES OF REPAYMENT FOR THE BONDS - Repayment of the District Bonds” herein). Foreclosure and sale may not always result in the recovery of any or the full amount of delinquent Special Taxes.

Sufficiency of the foreclosure sales proceeds to cover the delinquent amount depends in part upon the market for and the value of the parcel at the time of the foreclosure sale (see “Land Values” below). The current appraised value is some evidence of such future value. However, future events may result in significant changes from the current appraised value. Such events could include changes in land ownership, development plans and other factors affecting the progress of land development, legal requirements affecting the development of parcels, a downturn in the economy, as well as a number of additional factors. Any of these factors may result in a significant erosion in value, with consequent reduced security of the District Bonds and, consequently, the Bonds.

Sufficiency of foreclosure sale proceeds to cover a delinquency may also depend upon the value of prior or parity liens and similar claims. A variety of governmental liens may presently exist or may arise in the future with respect to a parcel which, unless subordinate to the lien securing the Special Taxes, may effectively reduce the value of such parcel. Further, other governmental claims, such as hazardous substance claims, may affect the realizable value even though such claims may not rise to the status of liens.

Timely foreclosure and sale proceedings with respect to a parcel may be forestalled or delayed by a stay in the event the owner of the parcel becomes the subject of bankruptcy proceedings. Further, should the stay not be lifted, payment of Special Taxes may be subordinated to bankruptcy law priorities.

Land Values. If a Property Owner defaults in the payment of the Special Tax, the District’s only remedy is to commence foreclosure proceedings against the defaulting Property Owner’s real property within the District for which the Special Tax has not been paid, in an attempt to obtain funds to pay the delinquent Special Tax. Therefore, the value of the land and improvements within each Improvement Area is a critical factor in determining the investment quality of the applicable corresponding series of District Bonds and, therefore, the Bonds. Reductions in property values within the District due to a downturn in the economy or the real estate market, events such as earthquakes, droughts, or floods,

stricter land use regulations, or other events may adversely impact the security underlying the Special Tax.

The District had the following two studies prepared in order to estimate the current aggregate market value of land in the Improvement Areas.

1. Market Absorption Study, City of Beaumont and Community Facilities District No. 93-1 prepared by Empire Economics, Capistrano Beach, California.
2. Presentation of Appraisal of Community Facilities District No. 93-1, Beaumont, California prepared by Len Purdue, A.S.A., Riverside, California (the "Appraisal").

Collectively, the studies are referred to herein as the "Appraisal Documents".

The purpose of the Appraisal was to determine the discounted "bulk sale" value of all parcels in the Improvement Areas. In the opinion of Len Purdue, the aggregate value of all such parcels within the Improvement Areas are as follows:

Improvement Area No. 3	\$13,990,000
Improvement Area No. 11	\$ 6,960,000
Improvement Area No. 14	\$48,445,000

Prospective purchasers of the Bonds should not assume that the land and improvements could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. In particular, the values of individual properties in the Improvement Areas will vary in some cases significantly. The actual value of the land is subject to future events which might render invalid some or all of the basic assumptions of the Appraiser. The future value of the land can be expected to fluctuate due to many different, not fully predictable, real estate related investment risk factors, including, but not limited to: general tax law changes related to real estate, changes in competition, general area employment base changes, population changes, changes in real estate related interest rates affecting general purchasing power, advertising, changes in allowed zoning uses and density, natural disasters such as floods, earthquakes and landslides, and similar factors.

Appraisals in general are the result of an inexact process, and estimated market value is dependent, in part, upon assumptions which may or may not be realized and upon market conditions and perceptions of market value, which are likely to change over time. The appraisal valuations represent opinions only and are not intended to be absolutes or assurances of specific resale values. If more than one appraiser were employed, it is reasonable to assume that a reasonable range of value opinions on the land and improvement value within the District would be reflected depending upon personal professional interpretation of data, facts and circumstances reviewed and assumptions employed. Prospective purchasers should not assume that the land could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes.

A copy of the Appraisal Documents are included in the Appendices. The summary herein of some of the conclusions in the Appraisal Documents does not purport to be complete. Reference is made to the Appraisal Documents for further information. The District makes no representations as to the value of the real property within the District, and prospective purchasers of the Bonds are referred to the Appraisal Documents referred to above in evaluating the value of real property within the District.

The Progress of Land Development; Risks of Real Estate Secured Investments. Land development is an activity subject to substantial risk. Risk factors include, without limitation, general or local economic conditions; local real estate market conditions; supply of or demand for competitive properties; changes in the real estate tax rate; governmental regulation and approval requirements,

particularly environmental quality, endangered species, land use, zoning and building requirements; development, financing and marketing capabilities of the various landowners; natural disasters, including without limitation earthquakes, flood and fire which may result in uninsured losses; and accomplishment of development plans on a timely basis, including but not limited to the provision of infrastructure improvements in addition to the District's improvements.

Since these are largely business risks of the type that landowners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the District has undertaken the financing without regard to any such evaluation. Thus, the undertaking of the financing by the District in no way implies that the District has evaluated these risks or the reasonableness of these risks.

Further, the risk to the owners of the Bonds of development delays may be heightened when land ownership is concentrated in only a few landowners or developers. If ownership is concentrated, timely payment of the Special Taxes may be dependent upon the financing available to such owners or developers. Further, the continued progress of land development may be one of the present facts and circumstances forming the basis for the appraiser's opinion of value. Diminished values may lessen the effectiveness of foreclosure proceedings as a remedy.

The Special Taxes are to be collected from the owners of property located within the District, and levy of the Special Taxes is not dependent on the completion of the development of the properties within the District (see "FINANCIAL INFORMATION - Rate and Method of Special Tax Apportionment" herein). Nevertheless, the extent of completion of the development of the property within the District may affect the ability and willingness of Property Owners to pay the Special Taxes and may affect the market value of any property foreclosed upon for nonpayment of installments of the Special Taxes.

Geologic, Topographic and Climatic Conditions. Land and improvement value can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and private improvements of the parcels assessed and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and overdraft of groundwater basins; topographic conditions such as earth movements and floods; and climatic conditions such as droughts.

Some of these factors have been taken into account, to a limited extent, in the design of the District's improvements and have or will be taken into account to a limited extent, in the design of other infrastructure and public improvements. The Beaumont-Cherry Valley Water District is aware of the overdraft of the groundwater basin from which a portion of the BCVWD's water supply is derived and is reviewing alternatives for providing an adequate supply of water as needed for existing and future development. Further, building codes require that some of these factors be taken into account, to a limited extent, in the design of private improvements of the parcels in the District. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of establishment between the present costs of protection and the future costs of lack of protections, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should the condition occur.

Availability of Water. Studies conducted indicate that the groundwater basin has been overdrafted by present uses. Development will increase water requirements within the groundwater basin. The San Geronio Pass Water Agency is completing construction of a pipeline which will enable water from the State Water Project to be recharged into the groundwater basin. No resolution has been reached among various public and private water interests as to the allocation of the costs for purchase of supplemental water and recharge of the groundwater basin.

Endangered and Threatened Species. During the past several years, there has been an increase in activity at the State and federal level related to the listing and possible listing of certain plant and animal species found in the State as endangered species and in programs designed to set aside additional geographical areas for habitat conservation. Recently, a technical memorandum summarizing recommendations regarding areas being considered for conservation under the Western Riverside County Multi-Species Habitat Conservation Plan (MSHCP) was released. Although none of the areas within the District has been included in the MSHCP study area, there is no assurance that such areas will remain excluded from the MSHCP study area or future study areas. An increase in the number of endangered species and/or the designation of additional habitat areas to be subjected to conservation planning similar to areas subject to the Western Riverside County MSHCP is expected to curtail development in a number of areas in the State. The District is not known to contain any plant or animal species which either the California Fish and Game Commission or the United States Fish and Wildlife Service has listed as endangered or to the knowledge of the Authority proposed for addition to the endangered species list. Notwithstanding the above, approvals of the California Department of Fish and Game and the U.S. Army Corps of Engineers may be required to complete a portion of the development within the District which has yet to be graded or cleared. Further approval may be required for any planned clearing of land or construction across or impacting waterways, creeks or other drainages. If required, there is no assurance that such approvals will be obtained and that development will be permitted to proceed as projected.

On a regular basis, new species are proposed to be added to the State and federal protected species lists. Regardless of the stage of entitlements and actual development of a particular development, any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect any of the Developers' ability to complete the development of the properties within the District as planned. This, in turn, could reduce the ability or the willingness of the property owners to pay the Special Taxes when due and would likely reduce the value of the land and the potential revenues available at a foreclosure sale for delinquent Special Taxes.

Earthquakes. Southern California is among the most seismically active regions in the United States. The occurrence of seismic activity in the District could result in substantial damage to properties in the District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of seismic activity could result in a greater reliance on Undeveloped Property in the payment of Special Taxes. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such an earthquake, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of Special Taxes.

Certain procedures and design standards are required to be followed during the construction of buildings within the District to ensure that each building is designed and constructed to meet, at a minimum, the highest seismic standards required by law.

Legal Requirements. Other events which may affect the value of a parcel include changes in the law or application of law. Such changes may include, without limitation, local growth control initiatives; local utility connection moratoriums; and local application of statewide tax and governmental spending limitation measures.

Other Possible Claims Upon the Values of an Assessed Parcel. In addition to existing property taxes, other governmental obligations, such as general obligation bonds, may be authorized in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels within the District and may be secured by a lien on a parity with the lien of the Special Taxes securing the District Bonds.

In general, as long as the Special Taxes securing the District Bonds are collected on the County tax roll, the Special Taxes and all other taxes, assessments and charges also collected on the tax roll are on a parity with each other. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges. The Special Taxes will have priority over non-governmental liens on a parcel, regardless of whether or not the non-governmental liens are in existence at the time of creation of any lien securing the Special Taxes.

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels in the District be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming the owner, will become obligated to remedy the condition just as is the seller.

The values expressed herein, do not take into account the possible reduction in marketability and value of any of the parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The District is not aware that the owner (or operator) of any of the parcels has such a current liability with respect to any of the parcels in the District. However, it is possible that such liabilities do currently exist.

Further, it is possible that liabilities may arise in the future with respect to one or more of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous or may arise in the future resulting from the existence, currently, on the parcel of a substance presently not classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly reduce the value of a parcel.

Bankruptcy Proceedings. Regardless of the priority of the Special Taxes securing the District Bonds over non-governmental liens on parcels, the exercise by the District of the foreclosure and sale remedy may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a parcel. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings perhaps for an extended period. Delay in exercise of remedies, especially if the owners own parcels the Special Taxes of which are significant or if bankruptcy proceedings are instituted with respect to a number of owners owning parcels the Special Taxes of which is significant, may result in periodic Special Tax collections which may be insufficient to pay the debt service on the District Bonds. Further, should remedies be exercised under the bankruptcy law against the parcels, payment of Special Taxes may be subordinated to other claims in the bankruptcy proceedings. Thus, certain claims may have priority over a claim for unpaid Special Taxes, even though, in the absence of the bankruptcy proceedings, no such priority would exist.

Bankruptcy and Foreclosure Delays. The payment of the Special Taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax, as discussed in the section herein entitled "SOURCES OF PAYMENT FOR THE BONDS" may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Bonds and the District Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or of a partner or other owner of a property owner within an Improvement Area could result in a delay in prosecuting superior court foreclosure proceedings and could result in loss of priority of the lien securing any Special Taxes with respect to Special Taxes levied while bankruptcy proceedings are pending. In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could be treated as an unsecured claim by the court. Such delay or loss of priority or nonpayment, would increase the likelihood of a delay or default in payment of the principal of and interest on the District Bonds and the possibility of delinquent Special Tax installments not being paid in full. To the extent a significant percentage of the property in each Improvement Area continues to be owned by a limited number of property owners, the payment of the Special Taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Taxes installment could be delayed by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. The court upheld the priority of unpaid taxes imposed after the filing of the bankruptcy petition as "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was to foreclose on the property and retain all of the proceeds of the sale except the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, assuming that the debtor has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien, which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for the Special Taxes levied after the filing of a petition in bankruptcy. *Glasply* is controlling precedent for bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Tax, the amount of Special Tax received from parcels whose owners declared bankruptcy could be reduced.

It should also be noted that on October 22, 1994, Congress enacted 11 U.S. C. Section 362(b)(18), which added a new exception to the automatic stay for *ad valorem* property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Pursuant to this new provision of law, in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for *ad valorem* taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S. C. Section 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like *ad valorem* taxes for this purpose.

Additional Taxation. On June 3, 1986, California voters approved an amendment to Article XIII A of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of repaying certain new general obligation debt issued for the acquisition or improvement of real property and approved by at least two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Taxes on the parcels within each Improvement Area.

Parity Taxes and Special Assessments. The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land within the applicable Improvement Areas on which they will be annually imposed until they are paid in full. Such lien is on a parity with all special taxes and special assessments levied by other public entities, agencies and districts and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same real property. The Special Taxes have priority over all existing and future private liens imposed on the real property within the applicable Improvement Areas. The District, however, has no control over the ability of other public entities, agencies and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the real property within the District and other public entities may issue payable from Special Taxes. Any such special taxes or assessments may have a lien on such real property on a parity with the Special Taxes (see "DEBT STRUCTURE - Direct and Overlapping Debt" herein).

Accordingly, the liens on the real property within each Improvement Area could greatly increase, without any corresponding increase in the value of the property within such Improvement Area and thereby severely reduce the lien to value ratio of the land secured public debt existing at the time the Bonds are issued. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners within each Improvement Area to pay the Special Taxes when due.

Disclosure to Future Land Buyers. A "Notice of Special Tax Lien" for each Improvement Area was recorded pursuant to Section 53328.3 of the Act and Section 3114.5 of the Streets and Highways Code, with the County Recorder for the County (the "County Recorder"). Each Notice sets forth, among other things, the Rate and Method of Special Tax Apportionment, the Assessor's Parcel Numbers within such Improvement Area as of the date of recording the Notice, and the boundaries of the Improvement Area by reference to the map(s) recorded with the County Recorder. While title insurance and search companies normally refer to such notices in title reports, and sellers of property within the District are required to give prospective buyers a notice of special tax in accordance with Sections 53360.2 or 53341.5 of the Act, there can be no assurances that such reference will be made or notice given, or if made or given, that prospective purchasers or lenders will consider such Special Tax obligation in the purchase of land within such Improvement Area or the lending of money thereon. Failure to disclose the existence of the Special Tax may affect the willingness and ability of future landowners within an Improvement Area to pay the Special Tax when due.

Billing of Special Taxes. A special tax can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the district.

Under provisions of the Act, the Special Taxes are billed to the properties within the District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See "SOURCES

OF PAYMENT FOR THE BONDS - Repayment of the District Bonds - Covenant for Superior Court Foreclosure” for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Collection of Special Tax. In order to pay debt service on the District Bonds, it is necessary that the Special Tax levied against land within the District be paid in a timely manner. The District has covenanted in the District Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Tax in order to obtain funds to pay debt service on the District Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the Authority as the owner of the District Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the District with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See **“SOURCES OF PAYMENT FOR THE BONDS - Repayment of the District Bonds - Covenant for Superior Court Foreclosure”**.

Maximum Rates. Within the limits of the Rate and Method of Special Tax Apportionment, the District may adjust the Special Tax levied on all property within the applicable Improvement Area of the District to provide an amount required to pay debt service on the applicable Series of District Bonds and other obligations of the Improvement Area, and the amount, if any, necessary to pay all annual Administrative Expenses and make rebate payments to the United States government. However, the amount of the Special Tax that may be levied against particular categories of property within each Improvement Area is subject to the maximum rates provided in the applicable Rate and Method of Special Tax Apportionment. There is no assurance that the maximum rates will at all times be sufficient to pay the amounts required to be paid by the District Indenture. See **“FINANCIAL INFORMATION - Rate and Method of Special Tax Apportionment”**.

Exempt Properties. Certain properties are exempt from the Special Tax in accordance with the applicable Rate and Method of Special Tax Apportionment and applicable provisions of the Act. The Act provides that properties or entities of the State, federal or local government at the time of formation of the District or Improvement Area are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through negotiated transactions, or by gift or devise, which is not otherwise exempt from the Special Tax will continue to be subject to the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested. If for any reason property subject to the Special Tax becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, or another public agency, subject to the limitation of the maximum authorized rate of levy, the Special Tax may be reallocated to the remaining taxable properties within the applicable Improvement Area. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax; however, the amount of Special Tax to be levied and collected from the property owner is subject to the Maximum Special Tax as set forth in the applicable Rate and Method of Special Tax Apportionment and to the limitation in the Act that under no circumstances shall Maximum Special Taxes be increased on a parcel used for private residential purposes by more than two percent in any year, with the exception of Improvement Area No. 14 which does not have a two percent escalation each year, and under no circumstances may the Special Taxes levied on any residential parcel be increased by more than ten percent as a consequence of delinquency by the owner of any parcel. If a

substantial portion of land within an Improvement Area became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the applicable Series of the District Bonds when due and a default will occur with respect to the payment of such principal and interest.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax. The Act would prohibit the City Council, acting as the legislative body of the District, from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the City Council, acting as the legislative body of the District determined that the reduction of termination of the Special Tax "would not interfere with the timely retirement" of the District Bonds. See "**BONDOWNERS' RISKS - Right to Vote on Taxes Act**" below.

Insufficient of Special Taxes. Under each Rate and Method of Special Tax Apportionment, the annual amount of Special Tax to be levied on each taxable parcel in the applicable Improvement Area will be based primarily on whether such parcel is developed or not and, for Developed Property, on the type of structure and square footage of buildings constructed. See "**APPENDIX E**". Accordingly, to the extent Undeveloped Property does not become Developed Property, the collection of the Special Taxes will be dependent on the willingness and ability of the owners of Undeveloped Property to pay such Special Taxes when due. Such event may result in an unwillingness of such owners of the Undeveloped Property to pay additional Special Taxes.

No Acceleration Provision. The District Indenture does not contain a provision allowing for the acceleration of the principal of the District Bonds in the event of a payment default or other default under the terms of the District Bonds or the District Indenture. Accordingly, the Indenture does not contain a provision allowing for acceleration of the Bonds.

Property Controlled by Federal Deposit Insurance Corporation and other Federal Agencies. The District's ability to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax payment may be limited in certain respects with regard to properties in which the Internal Revenue Service, the Drug Enforcement Agency, the Federal Deposit Insurance Corporation (the "FDIC") or other similar federal agencies has or obtains an interest. Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its proper tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that FDIC generally will not pay non ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that

the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997, and that was owned by the Resolution Trust Corporation (the "RTC") on December 31, 1995, or that became property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Mello-Roos Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes, including the Special Taxes which secure the District Bonds may be challenged by the FDIC.

The FDIC has filed claims against the County of Orange with respect to Mello-Roos community facilities district special taxes in the United States Bankruptcy Court and in Federal District Court in which the FDIC has taken a position similar to the position outlined in the Policy Statement. While all of such claims have not been resolved, the Bankruptcy Court has issued a tentative ruling in favor of the FDIC on certain of such claims. The County of Orange has appealed such ruling and the FDIC has cross-appealed.

The Authority and the District are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a parcel in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Owners of the Bonds should assume that the Authority and the District will be unable to foreclose on any parcel owned by the FDIC. The Authority has not undertaken to determine whether the FDIC currently has, or is likely to acquire, any interest in any of the parcels, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

Limitations on Remedies. Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the District Bonds or to preserve the tax-exempt status of the Bonds. Bond Counsel has limited its opinion as to the enforceability of the Bonds and the District Bonds and of the Indenture and the District Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the District Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the owners of the District Bonds, and the obligations incurred by the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against joint powers authorities in the State. See "BONDOWNERS' RISKS - The District Bonds -Bankruptcy and Foreclosure Delays", "Billing of Special Taxes" and "Property Controlled by Federal Deposit Insurance Corporation and Other Federal Agencies" herein.

Right to Vote on Taxes Act. An initiative measure commonly referred to as the "Right to Vote on Taxes Act" was approved by the voters of the State of California at the November 5, 1996 general

election. Proposition 218 added Article XIII C (“Article XIII C”) and Article XIII D to the California Constitution. According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, the Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of Proposition 218 have not yet been interpreted by the courts, although a number of lawsuits have been filed requesting the courts to interpret various aspects of Proposition 218.

Among other things, Section 3 of Article XIII C states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” Proposition 218 provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, Proposition 218 prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to Proposition 218 unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that the exercise by the voters in the District of the initiative power referred to in Article XIII C to reduce or terminate the Special Tax is subject to the same restrictions as are applicable to the District, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that the Proposition 218 has not conferred on the voters in the District the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the District Bonds.

It may be possible, however, for voters or the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the District Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the District Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts.

Ballot Initiatives and Legislative Measures. Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations or on the ability of a property owner to complete the development of the property.

THE AUTHORITY

The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Powers Act. The City, pursuant to Resolution No. 1993-20 adopted on April 12, 1993, and the Agency, pursuant to Resolution No. BRA 93-1 adopted on April 12, 1993, formed the Authority by the execution of a Joint Exercise of Powers Agreement (the "Joint Powers Agreement").

The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is appointed the Chairperson of the Authority. The City Manager acts as the Executive Director of the Authority.

The Bond Law provides for the issuance of revenue bonds of joint exercise of powers authorities, such as the Authority, to be repaid solely from the revenues of certain public obligations, such as the District Bonds. The Authority has no taxing power. Pursuant to the Bond Law, the Authority is authorized to issue its revenue bonds for the purpose of financing, among other things, public capital improvement projects.

The Bonds are being sold to provide moneys to enable the Authority to purchase the District Bonds. The Authority authorized the execution of the Indenture and the purchase of the District Bonds pursuant to Resolution No. BFA 2000-01 adopted April 25, 2000.

Government Organization

Pursuant to the Joint Powers Agreement, the City Council of the City acts as the Governing Board of the Authority. The City Council members, their occupations and term expiration dates are as follows:

<u>Board Member</u>	<u>Term Expires</u>	<u>Occupation</u>
Roger Berg, Mayor	December, 2002	Engineer
Gerald Zeller, Mayor Pro Tem	December, 2000	Engineer (retired)
Brian DeForge, Council Member	December, 2002	Manager
Larry Dressel, Council Member	December, 2002	Manager
Tony Westcot, Council Member	December, 2000	Commercial Pilot

The City performs certain general administrative functions for the Authority. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Authority. The Authority reimburses the City for such allocated costs out of available Revenues. Current City Staff assigned to administer the Authority include:

Alan C. Kapanicas, *City Manager and Finance Director*
David Dillon, *Director of Economic Development*

THE DISTRICT

The information set forth herein regarding ownership of real property in the District, the Property Owners and any proposed development of property in the District was provided by others and has not been independently verified. The Authority makes no representation as to the accuracy or completeness of any such information. This information has been included because it is considered relevant to an informed evaluation of the District. As development of property in the District has not been completed, no assurance can be given that it will occur, that it will occur as described herein, or that it will occur in a timely manner. The information should not be construed to suggest that the Bonds or the Special Taxes that will be used to pay the Bonds are personal obligations of the Property Owners within the Improvement Areas.

The owners of property within the Improvement Areas will not be personally liable for payments of the Special Taxes to be applied to pay the principal of and interest on the Bonds. Accordingly, the Property Owner's financial statements have not been included in this Official Statement. Furthermore, no representation is made that the Property Owners will have funds available to complete the development within the District.

General Description of the District

The District consists of 15 separate Improvement Areas. The Improvement Areas are generally located to the north, west and south of the current developed portions of the City (see "District Map" herein).

Qualified electors within each of the Improvement Areas have approved a separate Rate and Method of Special Tax Apportionment for their specific Improvement Area. The District, from time to time, has issued bonds to finance improvements within a specific Improvement Area secured solely by Special Taxes levied within such Improvement Area.

Improvement Area No. 11 has petitioned for a change in the Rate and Method of Special Tax Apportionment for a portion of the Improvement Area to increase the Special Tax payable with respect to the Undeveloped Property and the houses to be built in the future. The existing 37 homes/lots will not be affected by the proposed increase in the Rate and Method of Special Tax Apportionment. Finally, Improvement Area Nos. 3 and 11 have authorized, and Improvement Area No. 14 is expected to authorize, the levy of special taxes to pay for landscape and public facility maintenance services.

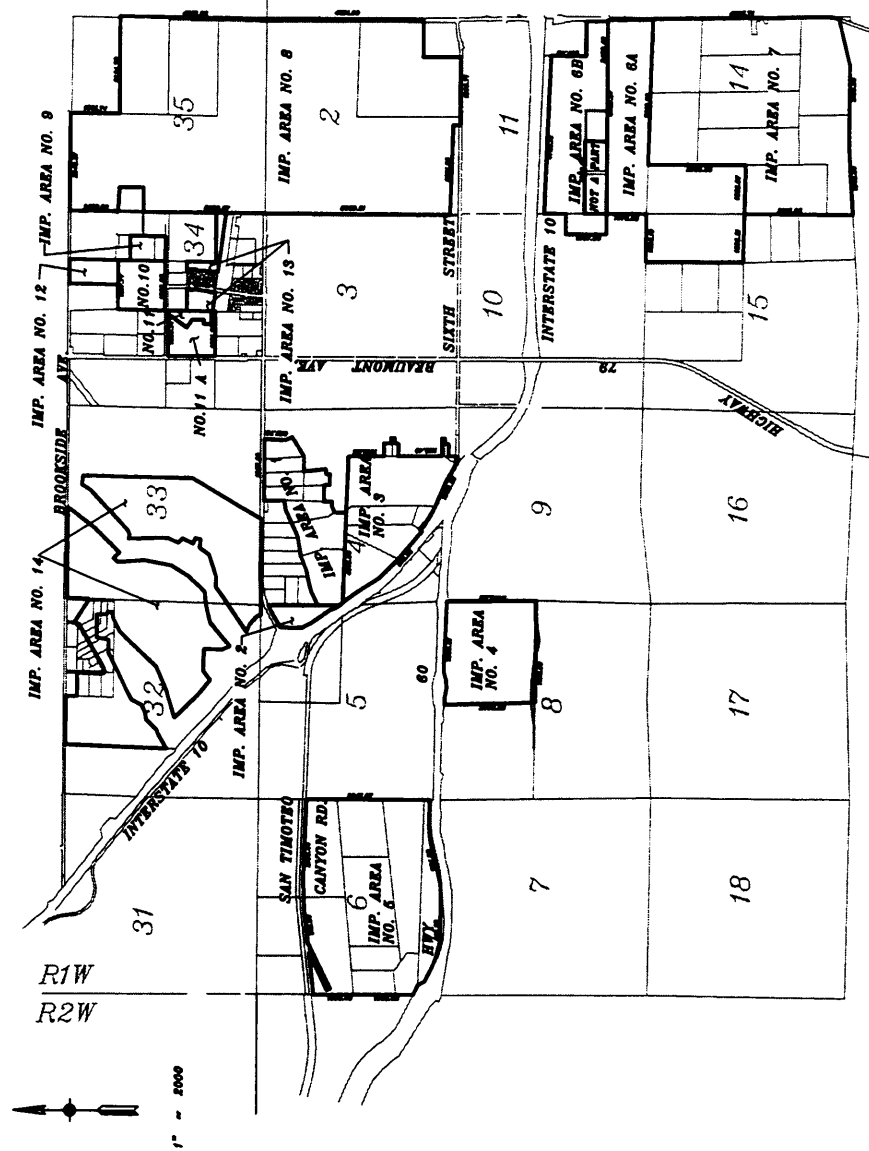
The Bonds are secured by the repayment of three separate series of District Bonds to be issued on behalf of Improvement Area Nos. 3, 11, and 14, respectively.

In December 1999, the City completed proceedings for the formation of Assessment District No. 98-1. Improvement Area No. 14 and portions of Improvement Area No. 11 are included within Assessment District No. 98-1. The Bonds finance all of the Critical Facility and Joint Facility obligations of Improvement Area Nos. 11 and 14 under the Assessment District No. 98-1 proceedings. Property Owners within Improvement Area Nos. 11 and 14 have requested, and the City has agreed, to release the balance of the lien for Individual Facilities which could have been financed by Assessment District No. 98-1 concurrent with the issuance of the Bonds.

*PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 93-1*

UPON RECDATION, THIS MAP AMENDS THE BOUNDARY MAP FOR THE COMMUNITY FACILITIES DISTRICT NO.19-1 FOR THE CITY OF RIVERSIDE IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. PRIOR RECDATION IN THE COUNTY OF CALIFORNIA. PAGE 21 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER FOR THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

URBAN LOGIC CONSULTANTS, INC. DECEMBER, 1999



FILED THIS _____ DAY OF _____, 19____ AT THE HOUR OF _____ O'CLOCK _____
IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER IN
THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

BY _____ DEPUTY
NO. _____
FILE _____

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF THE COMMUNITIES FACILITIES DISTRICT NO. 98-1 IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF BEAUMONT AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF ____ 19____ BY ITS RESOLUTION NO. _____

FILED IN THE OFFICE OF THE CITY OF BEAUMONT THIS _____ DAY OF _____ 19__

BY DEPUTY CITY CLERK

The following list summarizes landowners in Improvement Area Nos. 3, 11, and 14 along with their forecasted dwelling units:

**TABLE NO. 1
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT 93-1
PARTICIPATING DEVELOPMENT PROJECTS**

	<u>Acreage</u>	<u>Dwelling Units</u>	<u>Total EDU</u> ⁽¹⁾
Improvement Area No. 3 - Three Rings Ranch	174.40	508	548
Improvement Area No. 11 - Mountain Meadows	34.06	185	185
Improvement Area No. 14 - Oak Valley Greens	532.80	2,125	2,184
	<u>741.26</u>	<u>2,818</u>	<u>2,917</u>

(1) Equivalent Dwelling Unit; includes Industrial, Commercial and Residential.

For a more detailed description of each of the Improvement Areas see “The Improvement Areas” herein.

Land Use Entitlements and Governmental Regulations

Each of the Improvement Areas has various levels of land use entitlements ranging from general plan to zoning to approved specific plan with tentative tract maps and in some cases final tract maps. Each Improvement Area has an approved development agreement with the City. All of the projects are consistent with the City’s General Plan and zoning. A more detailed listing of the land use entitlement status of each project within the Improvement Areas is included in the following section entitled “The Improvement Areas”.

In addition to the responsible agencies which will own, maintain and operate District facilities, numerous other public agencies will be involved in the review and permitting of public facilities included in the District and future development within the District. The following is a partial listing of public agencies having jurisdiction at various levels of the permitting process for District facilities:

- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- U.S. Environmental Protection Agency
- State Office of Research and Planning
- State Department of Fish and Game
- State Office of Historic Preservation
- State Regional Water Quality Control Board
- Riverside County Transportation Commission
- Beaumont-Cherry Valley Water District

Land development within the District may be affected by changes in governmental regulation and approval requirements, particularly endangered species and environmental quality (see “BONDOWNERS’ RISKS” herein).

Facilities to be Financed by the District

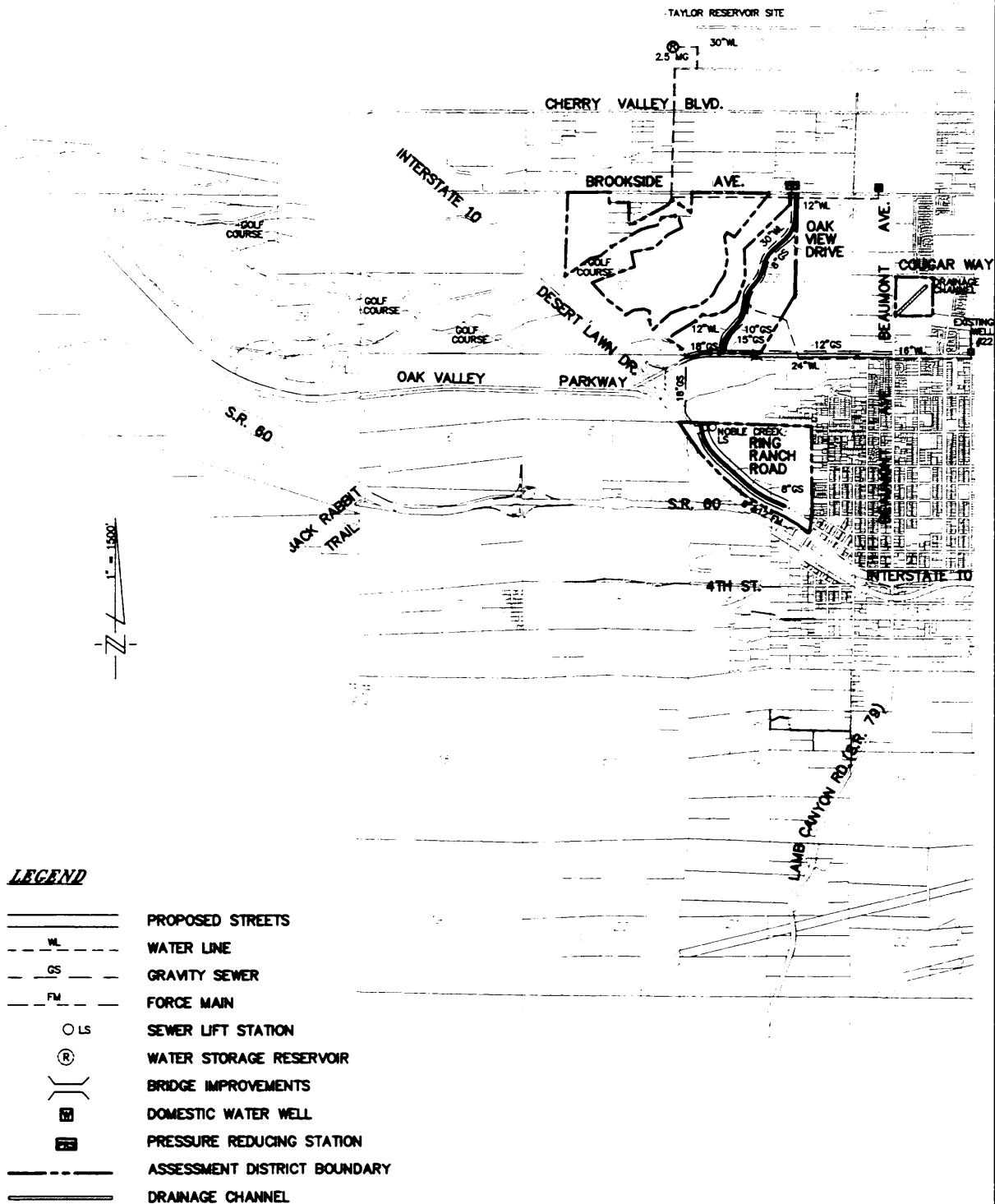
The Bonds are being issued based upon the estimates shown below. The Property Owners have not agreed to pay any cost overruns. Cost overruns will reduce the facilities which can be financed. The adopted District resolutions authorize the issuance of District Bonds to be issued to fund the planning, design, permitting and construction of public facilities (see "Map of the Series A Public Facilities"). The authorized public facilities proposed for funding through the issuance of District Bonds include as follows:

Critical Facilities. Critical facilities are those facilities which have the highest priority in terms of the City of Beaumont's Comprehensive Public Facilities Financing Program (the "City Program"). Critical Facilities represent programs and improvements that have highest priority in terms of the City Program. Included in the list of Critical Facilities are City Program costs related to the Phase II construction of the Beaumont Sports Park, the preparation of a Reclaimed Water Facilities Plan and construction of the Stage II expansion of the wastewater treatment plant. Other Critical Facilities include upgrades to the domestic water system (consisting of the Taylor reservoir well and transmission main) and City transportation system.

Joint Facilities. Joint facilities are those facilities which have the second highest priority in terms of the City Program. Joint facilities represent improvements which benefit multiple Improvement Areas within the District. Included in joint facilities are the Noble Creek Sewer Trunk Main and the Noble Creek Sewer Force Main.

Individual Facilities. Individual facilities are those facilities which have the lowest priority in terms of the City Program. Individual facilities represent improvements that generally benefit individual Improvement Areas within the District. Included in individual facilities are master planned, in tract water, sewer and park improvements.

CITY OF BEAUMONT
COMPREHENSIVE PUBLIC FACILITIES FINANCING PROGRAM
COMMUNITY FACILITIES DISTRICT NO. 93-1 (WESTSIDE INFRASTRUCTURE PROJECT)
SERIES 2000 A PUBLIC FACILITIES



Urban Logic Consultants



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 Temecula, California 92539
 Tel: (909) 676-1844 Fax: (909) 676-2064

The following table summarizes authorized District facilities which are to be designed, acquired or constructed through the financing.

**TABLE NO. 2
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT 93-1
SERIES 2000 FACILITIES
(Estimated Costs)**

Critical Facilities

1	City Program, Phase I	\$ 1,159,500.00	
2	Domestic Water Facilities	6,602,481.50	
3	Ring Ranch Road	556,778.84	
4	Oak View Drive	775,756.10	
	Subtotal		\$ 9,094,516.44

Joint Facilities

1	Noble Creek Sewer Trunk Main	\$ 775,129.36	
2	Noble Creek Sewer Force Main	947,960.94	
	Subtotal		\$ 1,723,090.30

Individual and Future Facilities

1	Three Rings Ranch, Collector Sewer	\$ 281,040.00	
2	Oak Valley Greens, Oak View Drive Water and Collector Sewer	713,136.50	
3	Oak Valley Greens, Future Facilities	882,337.00	
4	Mountain Meadows, Channel	700,000.00	
	Subtotal		\$ 2,576,513.50

TOTAL ESTIMATED FACILITY COSTS \$ 13,394,120.24

A portion of the costs of the Series 2000 facilities to be funded with interest earnings, cost savings, CFD No. 93-1 Series 1994 A and B bond proceeds, and developer contributions total \$2,381,601.66.

For each Improvement Area's proportionate share of the cost of the District Facilities see "The Improvement Areas" herein.

Market Absorption Study

The City retained Empire Economics, Capistrano Beach, California, to prepare the Market Absorption Study dated April 19, 2000. The City had the Market Absorption Study prepared to provide an independent estimate of the phasing and absorption of future development in the Improvement Areas. The Appraiser utilized the absorption schedules as part of the Discounted Cash Flow Analysis contained in the Appraisal. The discounted cash flow analysis provides an estimate of the present value of the property to be developed in the Improvement Areas. The absorption schedules represent a critical component of the Appraisal. The Discounted Value is lower in amount the longer the period of time required for absorption.

The Market Absorption Study estimates that District projects will absorb 2,824 dwelling units by the year 2010. See "APPENDIX C" for a summary of the market absorption study and absorption rates for each Improvement Area. The following table summarizes the projected District absorption schedule.

TABLE NO. 3
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT 93-1
ESTIMATED ABSORPTION SCHEDULES

Improvement Area	No. 3	Residential			Commercial-Industrial		
		No. 14	No. 14	No. 11	No. 14	No. 14	Totals
	Three Rings		Oak Valley Greens	Mountain			
	Ranch		Seniors	Families		Retail	Annually Cumulative
Development Status	Units	508	1,252	908	176	10	10
	Sold	0	0	0	20	0	0
	Future	508	1,252	908	156	10	10
	Share	13.4 %	33.1 %	24.0 %	4.1 %	100.0 %	100.0 %
Remarks	School Site Excluded 40 Units		School Site Included	School Site Included			
Product Mix	Detached	508	877	908	108		2,401
	Attached	0	375	0	48		423
	Apartments	0	0	0	0		0
	Total	508	1,252	908	156		2,824
Start Escrow Closings	Jan-2001	Jan-2001	Jan-2001	Jan-2001	Active		
Homeowners	2000	0	0	0	40	0	0
	2001	48	100	63	32	0	0
	2002	60	125	79	40	0	0
	2003	66	138	87	44	0	0
	2004	72	150	95	0	0	0
	2005	90	188	118	0	10	10
	2006	105	219	138	0	0	0
	2007	67	219	138	0	0	0
	2008	0	113	138	0	0	0
	2009	0	0	52	0	0	0
	2010 +	0	0	0	0	0	0
	Averages	73	157	101	39		10

The Appraisal

All estimates and projections included in the Appraisal are characterized as reasonably professional opinions based on known data and information available as of their date. The estimates are not intended to represent guarantees of future sales rates or resale value. Future value of the land within the District can be expected to fluctuate due to many different, not fully predictable, real estate related investment risk factors (see "BONDOWNERS' RISKS - Land Values" herein).

Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. The actual value of the property is subject to future events which might render invalid the basic assumptions contained in the Appraisal (see "BONDOWNERS' RISKS" for a discussion of factors that could prevent or delay development within the District). See the Appraisal Report attached hereto as "APPENDIX D" for a complete description of the assumptions made and a brief description of the valuation methodology used by the Appraiser. See "APPENDIX D - APPRAISAL REPORT". The Appraisal Report is based, in part, on the Market Absorption Study. See "THE DISTRICT - Market Absorption Study" and "APPENDIX C - MARKET ABSORPTION STUDY".

The City authorized Len Perdue and Associates to prepare an appraisal for each of the participating Improvement Areas (the "Appraisal"). The purpose of the appraisal was to establish the "fair market value" of each of the participating Improvement Areas in the District. Each Improvement Area has a fair market value of at least three (3) times the amount of the series of District Bonds issued for the Improvement Area (3:1 Value to Lien Ratio). The following table summarizes the various value to lien ratios with respect to each Improvement Area.

TABLE NO. 4
BEAUMONT FINANCING AUTHORITY
LOCAL AGENCY REVENUE BONDS
VALUE TO LIEN RATIO

Improvement Area	Appraised Value	Bonded Indebtedness	Value to Lien Ratio
IA No. 3 - Three Rings Ranch	\$ 13,990,000	\$ 3,935,581 ⁽¹⁾	3.55 to 1
IA No. 11 - Mountain Meadows	6,960,000	1,480,980 ⁽¹⁾	4.70 to 1
IA No. 14 - Oak Valley Greens	48,445,000	10,885,000	4.45 to 1
TOTAL	<u>\$ 69,395,000</u>	<u>\$ 16,301,561</u>	

Source: Len Perdue and Associates for appraised value.

(1) Includes outstanding principal amounts of the 1994 District Bonds relating to the respective Improvement Area.

Each of the Improvement Areas equals or exceeds the value to lien ratio requirements established by the Act. Additionally, the City Special Tax Consultant, General Government Management Services, has determined that the estimated debt service payment including the City administration charges needed to finance the proposed level of bonded indebtedness for each Improvement Area is consistent with the City authorized Special Tax established pursuant to the Rate and Method of Special Tax Apportionment for the applicable Improvement Area.

The Improvement Areas

The following section describes each individual Improvement Area in terms of the type of project, the status of land use entitlements and a brief discussion of the experience and plans of the developers and landowners related to the development for such Improvement Area.

The location of the Improvement Areas participating in the financing are shown on “Map of the Series A Participating Projects” herein.

Improvement Area No. 3, Three Rings Ranch

General Location. Three Rings Ranch is located adjacent to the north side of Interstate 10 and south of Oak Valley Parkway (Fourteenth Street).

Property Owner. Three Rings Ranch is owned by Three Rings Ranch Inc., a California corporation wholly owned through a string of companies by Brookfield California Land Holdings, Inc., a subsidiary of Brookfield Properties Corporation. Brookfield Properties Corporation is listed on both the New York and Toronto stock exchanges.

Three Rings Ranch Inc. currently plans to develop lots in five phases to a “blue topped” or a finished lot condition and sell such lots to merchant builders. As referred to herein “blue topped” refers to a lot graded to 1/10th of an inch of its final grade with utilities stubbed to the tract or side (not individual lots). 123 of the total 508 lots in the development are currently in a blue topped condition and an additional 47 lots are in a finished lot condition. The 47 finished lots are currently subject to a sales contract to Osborne Development Corporation, a local merchant builder. Osborne Development Corporation has an option for an additional 62 lots. The option expires at the end of 2000 (see “Osborne Development Corporation” below). Development financing in the amount of \$6,000,000 to date has been provided by Brookfield Financial California Inc., a California corporation.

To date Brookfield has spent approximately \$4 million on improving the property in Improvement Area No. 3. Improvements include grading, paving, interior streets, utilities, curbs, gutters and landscaping.

Brookfield expects to spend approximately \$20,000 per lot in order to make lots ready for sale to merchant builders. To support development in the Improvement Area, Brookfield intends to spend \$6 million when needed on improvements of Ring Ranch Road, park sites, landscaping, grading, paving, interior streets, utilities, curbs and gutters. It is anticipated that Brookfield Financial California Inc. will provide the \$6 million in funds for the future cost of these improvements.

There can be no assurance that the development plan described herein will be completed or that it will not be modified in the future. In addition, there can be no assurance that sufficient funds will or can be made available to complete the development plan or pay special taxes as described herein.

Size:	174.40 acres
Type of Development:	Single family residential subdivision
Number of Planned Residential Lots:	508
Lot Size:	7,000 square feet (minimum)
Price Range of Homes:	To be determined by future merchant builders
Home Size:	To be determined by future merchant builders
Commercial Acreage:	None

Availability of Utilities:	All available to site (see "BONDOWNERS' RISKS" herein)
Amenities:	6.2 acre Park and 11 acre School site
Current Status:	170 lots blue topped of which 47 are in finished condition
Entitlements:	Specific Plan of Land Use and Zone Change to SPA, March 1989 Development Agreement, October 1993 Tentative Tract No. 24039 Rev. No. 1, October 1993 for 508 lots First Final Map of 47 lots expected to record May 2000
Absorption Period:	Approximately 7 years (see "APPENDIX C" herein)
Appraised Value:	\$13,990,000 (see "APPENDIX D" herein)
Bonded Indebtedness of Improvement Area:	\$3,935,581
Improvements to be financed with Bond Proceeds.	Critical and Joint Facilities Collector Sewer and Individual Facilities consisting of the Three Rings Ranch Collector Sewer
Ratio of Appraised Value to Bonded Indebtedness:	3.55 to 1

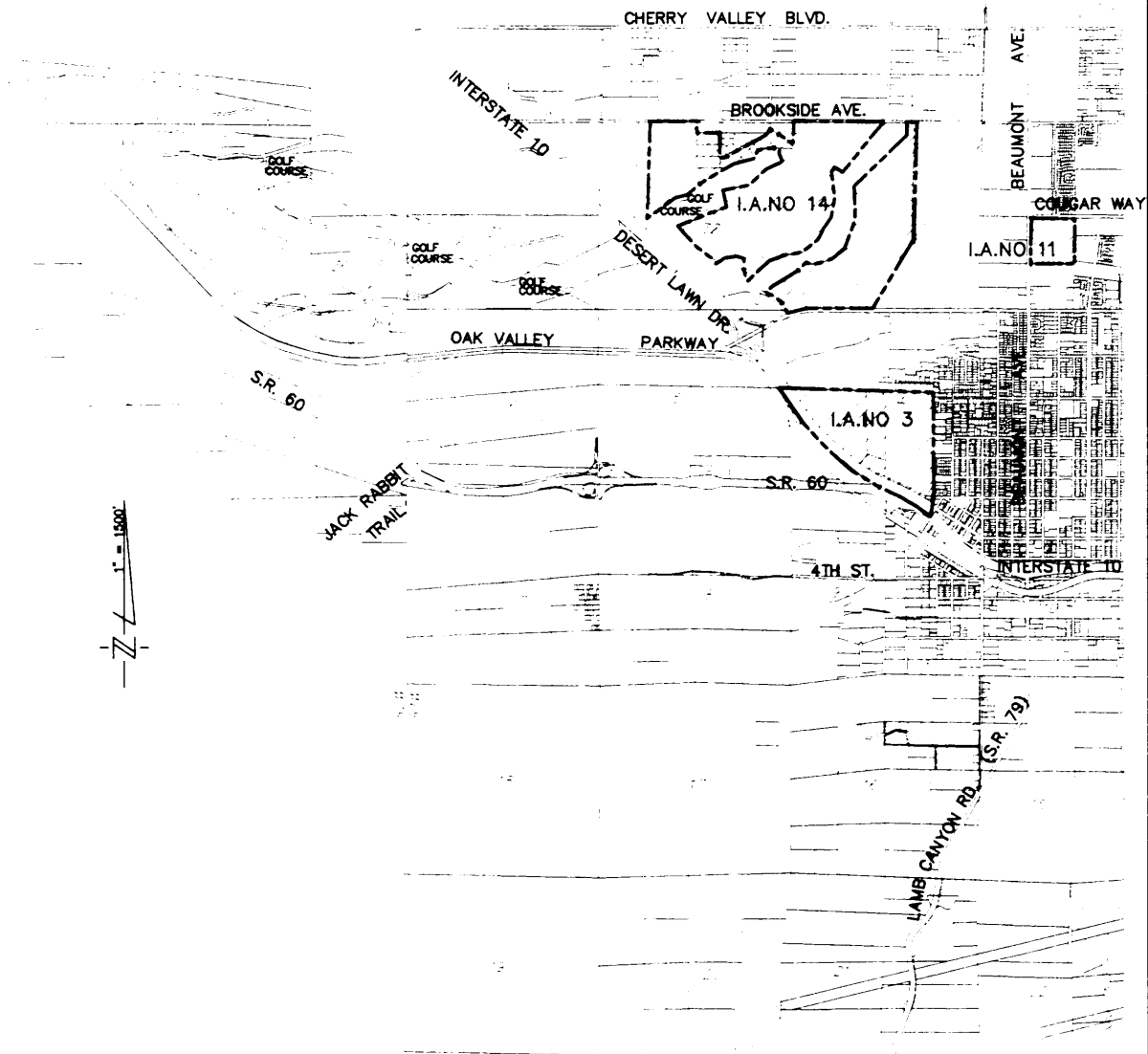
Improvement Area No. 3, Osborne Development Corporation

Robert E. Osborne, President of Osborne Development Corporation, has been involved in the building business since 1961. Osborne Development Corporation has concentrated its efforts in two markets: the affordable single family market and the upper end, custom home market. The company has built projects in Orange, Riverside and San Bernardino Counties. In addition to being a builder/developer, the company is also a general contractor building for several banks and landowners such as Weyerhaeuser, BalCor, American Express and others.

In 1989, California Builder Magazine nominated Robert E. Osborne as one of the 10 finalists for "Builder of the Year." In 1992, Homebuyers Warranty Corporation bestowed upon the corporation the designation of "Diamond Builder." Only 35 of the 13,000 builders involved in the program across the United States held this designation. This designation is attained through the recognition of complete customer satisfaction and quality construction. Osborne incorporates many of the building specifications included in the custom homes the company builds in its affordable homes as a standard feature.

Prior to forming his own building firm in 1978, Robert Osborne was associated with Raulston Development 1961-1966; Mission Viejo Company 1966-1972; Irvine Pacific Development 1972-1974; and Arnel Development Corporation 1974-1978.

**CITY OF BEAUMONT
COMPREHENSIVE PUBLIC FACILITIES FINANCING PROGRAM
COMMUNITY FACILITIES DISTRICT NO. 93-1 (WESTSIDE INFRASTRUCTURE PROJECT)
SERIES 2000 A - PARTICIPATING PROJECTS**

**LEGEND**

- | | |
|------------|----------------------|
| --- | CFD BOUNDARY |
| I.A. NO 3 | THREE RINGS RANCH |
| I.A. NO 11 | OMEGA HOMES |
| I.A. NO 14 | WESTBROOK OAK VALLEY |

Urban Logic Consultants



43517 Ridge Park Drive, Suite 200
Tremont, California 92539
Tel.: (909) 676-1944 Fax (909) 676-2064

Improvement Area No. 11, Mountain Meadows

General Location. Mountain Meadows is located in the northern portion of the City south of Cougar Avenue and east of Beaumont Avenue. Marshall Creek cuts diagonally across the property. Property south of Marshall Creek (68 single family lots) is currently in various stages of development. No tentative maps have been filed on property north of Marshall Creek.

Property Owner. The primary property owner and sole builder within Improvement Area No. 11 is Omega Homes II of Cherry Valley, California, a California corporation. Omega Homes II has owned the property for approximately 22 years. In addition to Omega Homes II holdings there are currently 25 owner-occupied single family homes in Improvement Area No. 11. Of Omega Homes II holdings, five are (5) unoccupied single family homes and seven are (7) homes under construction.

The president of Omega Homes II, Tom Shelton, has been in the development industry for over 40 years. Mr. Shelton and his wife, Trinnette D. Shelton, currently own 100% of the shares of Omega Homes II. Mountain Meadows is the only project currently being undertaken by Omega Homes II. Omega Homes II does not have any substantial assets except its holdings in the Mountain Meadows project (see "BONDOWNERS' RISKS" herein).

A tentative map has been approved for 68 single family lots south of Marshall Creek. A final map has been recorded for 37 single family lots.

A tentative map has not been filed for approximately 62 single family lots north of Marshall Creek. Marshall Creek requires improvements prior to the development of this area. The improvements to Marshall Creek are estimated to cost approximately \$700,000 and will be financed by Bond proceeds.

Based on the forecasts in the Market Absorption Study there is not expected to be sufficient demand to build the multifamily units for an extended period of time. Omega Homes II and the City are currently exploring single family uses for the multifamily site (see "BONDOWNERS' RISKS" herein).

Construction financing currently has been provided by Redlands Continental Banks, Redlands, California.

To date Omega Homes II has spent approximately \$925,000 on improving the property in Improvement Area No. 11. Improvements include grading, paving, interior streets, curbs, gutters and landscaping. Omega Homes II intends to spend an additional \$2,301,200 (approximately) on improvements of 92 single family lots. It is anticipated Omega Homes II will secure bank loans to provide the approximate \$2.3 million in funds.

Of the approximate \$2.3 million, Omega Homes II expects to spend \$375,195 by the end of calendar year 2000; \$400,208 by the end of calendar year 2001; \$750,390 by the end of calendar year 2002 and \$775,403 during 2003.

There can be no assurance that the development plan described herein will be completed or that it will not be modified in the future. In addition, there can be no assurance that sufficient funds will or can be made available to complete the development plan or pay special taxes as described herein.

Size:	34.04 acres
Type of Development:	Single family subdivision and 2.5 acre multifamily site
Planned Single Family Lots:	130
Planned Multi-Family Units:	55
Lot Size:	6,000 sf (minimum)

Price Range of Homes:	\$144,900 - \$164,900
Home Size:	1,555 sf to 1,904 sf
Commercial Acreage:	None
Availability of Utilities:	All available to project site
Current Status:	30 completed single family homes 7 lots with recorded final map and seven homes under construction
Entitlements:	31 unimproved lots with approved tentative map Development Agreement, recorded August 4, 1994 Tentative Tract Map approval, January 18, 1994 Final Tract Map No. 24933-1 recorded, July 17, 1996 Final Tract Map No. 24933-2 recorded, February 4, 1999
Improvements to be Financed with Bond Proceeds:	Individual Facilities consisting of improvements to Marshall Creek
Absorption Period:	Approximately 4 years (see "APPENDIX C" herein)
Appraised Value:	\$6,960,000 (see "APPENDIX D" herein)
Bonded Indebtedness of Improvement Area:	\$1,480,980
Ratio of Appraised Value to Bonded Indebtedness:	4.70 to 1

Improvement Area No. 14, Oak Valley Greens

General Location. Oak Valley Greens is located northeasterly of the intersection of Interstate 10 and Oak Valley Parkway (Fourteenth Street). The property surrounds the existing Oak Valley Golf Course. The Oak Valley Golf Course is a championship daily-fee course with a driving range, clubhouse facility and golf academy.

General Information. St. Clair Holdings, LLC is developing the Oak Valley Greens project in association with Westbrook United Land Investments, L.P. operating together as Westbrook Oak Valley Properties, LLC. Improvement Area No. 14 is owned by Westbrook Oak Valley Properties, LLC. St. Clair Holdings, LLC is the entity responsible for the day-to-day management of the Oak Valley Greens project. As manager, St. Clair Holdings, LLC is responsible for the management of all aspects of the development of the property in substantial compliance with the approved plans and specifications included in the Planned Unit Development as approved by the City.

Westbrook Oak Valley Properties' current development plan for the conventional residential portion of the property within Improvement Area No. 14 currently planned to be developed with approximately 808 dwelling units (the "Conventional Portion") is to complete mass grading of the property, provide for the construction of backbone public infrastructure improvements such as street, sewer, water, storm drain, park and dry utility improvements to, but generally not within, each tentative subdivision tract and convey such tracts to merchant builders. The merchant builders in the Conventional Portion will be responsible for completing all in-tract public and private improvements and recording their respective final tract maps.

Westbrook Oak Valley Properties' current development plan for the active adult residential portion of the property within Improvement Area No. 14 currently entitled for up to 1,629 dwelling units (the "Active Adult Portion") is to convey the area in bulk to another developer in its existing unimproved

condition, with the backbone public infrastructure improvements constructed to the property's boundaries. Westbrook Oak Valley Properties estimates that the cost to mass grade the Active Adult Portion and construct necessary backbone public infrastructure improvements within the Active Adult Portion is approximately \$8,700,000.

The estimated cost of mass grading the Conventional Portion and constructing the necessary backbone public infrastructure improvements is approximately \$19,000,000. Those costs include approximately \$8,500,000 in estimated costs of public improvements eligible and anticipated to be financed with the proceeds of the District Bonds for Improvement Area No. 14. Westbrook Oak Valley Properties intends to commence mass grading of the first phase of the Conventional Portion and begin to construct the necessary backbone public infrastructure improvements for the first phase within the next two months. The total estimated cost of the first phase mass grading and public improvements is approximately \$9,800,000 of which approximately \$1,900,000 has been funded to date from internal sources of the developer, approximately \$5,000,000 is expected to be funded with the proceeds of the District Bonds for Improvement Area No. 14, and the remaining costs are expected to be funded through a construction loan to be obtained by the developer. Westbrook Oak Valley Properties has submitted to two California-based financial institutions applications for an approximately \$6,600,000 construction loan. Westbrook Oak Valley Properties has cleared all of the developable property within Improvement Area No. 14, anticipates commencing grading activities for the first phase of the project in July 2000 and expects to have completed 358 lots in "blue-top" condition with utilities stubbed to each tract in September, 2000.

There can be no assurance that the development plan described herein will be completed or that it will not be modified in the future. In addition, there can be no assurance that sufficient funds will or can be made available to complete the development plan or pay special taxes as described herein.

The property owner is currently mass grading the first five tracts and expects to have 358 lots in blue topped condition with utilities stubbed to each tract in September 2000 within the Conventional Portion. The property owner's current plans are to sell each tract to merchant builders who will be responsible for recording the respective final tract maps and constructing within the Conventional Portion all in-tract public and private improvements.

The following is the current status of tract maps for planning areas 1 and 2 which represents the first and second phases of development within the Oak Valley Greens project.

**Oak Valley Greens
Planned Unit Development
Tract Map Status**

Planning Area	Tract Map	Min. Lot Size		DU's	Tentative Map Approval Date
		Sq. Ft.	Acreage		
PA1	29177	5,000	14.76	72	8/24/99
PA1	29178	5,000	14.24	66	8/24/99
PA1	29179	6,000	13.57	64	8/24/99
PA1	29180	6,500	19.38	84	9/14/99
PA1	29181	7,000	18.57	71	9/14/99
PA1	29182	5,000	19.52	98 (1)	8/24/99
PA1	29183	5,000	20.00	82 (2)	8/24/99
PA1	29184	7,000	16.46	57	9/14/99
PA1	29185	7,200	21.23	77	9/14/99
PA2	29197	7,000	10.91	35	April 25, 2000
PA2	29198	8,000	23.15	59	April 25, 2000
PA2	29199	8,000	21.19	95	April 25, 2000
PA2	29200	10,000	13.80	40	April 25, 2000
PA2	29201	20,000	32.35	34	April 25, 2000
Total			259.13	934	

(1) The property owner intends to request the City to amend this tentative map to increase the minimum lot sizes to 5,500 square feet and decrease the number of dwelling units to 92.

(2) The property owner intends to request the City to amend this tentative map to increase the minimum lot size to 6,500 square feet and decrease the number of dwelling units to 64.

The property owner estimates that it will have invested \$5.1 million in the development of the project with the completion of the first phase.

Estimated Size:	533 acres
Type of Development:	Mixed use master-planned community
Number of Residential Lots:	934 single family (currently approved tentative maps) and 1,629 active adult lots (maximum PUD entitlement)
Range of Lot Sizes:	5,000 – 45,000 square feet
Price Range of Homes:	To be determined by future merchant builders
Home Size:	To be determined by future merchant builders
Commercial Acreage:	10.47 acres community commercial anticipated to be subdivided into four parcels ranging in size from 1.34 acres to 4.76 acres
Availability of Utilities:	Full development of all of the planned land uses within the project area will necessitate improvements to the existing street system including developing Oak View Drive (formerly Nancy Street) from Oak Valley Parkway (formerly 14 th Street) to Brookside Avenue; widening Oak

Valley Parkway and Brookside Avenue along the north and south project boundaries.

The Beaumont-Cherry Valley Water District (BCVWD) will provide water service to the project site. The entire site is contained within BCVWD's Master Plan and is programmed for receiving domestic water service as urbanization occurs.

The nearest domestic water line to the site is a 16 inch line that runs along the southern boundary of the site within Oak Valley Parkway (Fourteenth Street). The BCVWD Master Plan indicates a fully developed system for the entire annexation area to be phased in as development takes place. BCVWD currently has limited storage capacity adequate for the development of approximately 800 equivalent dwelling units (EDU's). In order to expand its service capabilities, BCVWD is planning a new 2.5 to 4.0 million-gallon storage tank to be located at the Taylor Tank site that will satisfy the storage requirements for the project and surrounding areas. The storage tank is being financed with the Bonds.

The proposed project will be required to contribute through BCVWD's fee structure towards the development of water facilities for groundwater management and distribution to service the area or will contribute to its pro rata share utilizing public financing through the District.

The property owner estimates that there are adequate water supplies currently available to serve the 358 lots currently being graded and for the southern portion of the Active Adult portion of the project. Completion of the Taylor Tank will be required thereafter to serve the remainder of the project.

Sewer service will be provided by the City that maintains a 1.5 million-gallon per day (MGD) tertiary treatment facility approximately 1.5 miles south of the project site. The nearest collection facility will be the Noble Creek Trunk Main and Force Main Sewer, consisting of an 18-inch pipe and by a 12-inch force main pipe to be constructed from Oak Valley Parkway (Fourteenth Street) to an existing 24-inch trunk main sewer in Ring Ranch Road. The collection and force main facilities are being financed by the Bonds.

Development of the proposed project and the surrounding area will necessitate treatment plant capacity of approximately 0.784 MGD based on projections provided by the City Public Works Department. The project will be required to contribute to its pro rata share towards treatment facility capacity through connection fees.

Current Status:

Planning Area PA1 grading is in progress.

Entitlements:	<u>Document</u>	<u>Approval Date</u>
	General Plan amendment and pre-zoning	4/28/98
	Pre-annexation Development Agreement	4/28/98
	LAFCO annexation approval	6/25/98
	County Parcel Map No. 23571	8/12/98
	City Council annexation hearing	8/18/98
	Tentative Parcel Map No. 29102	3/23/99
	Planning Commission PUD	7/6/99
	City Council PUD	7/6/99
	Tentative Tract Map approval 29177, 29178, 29179, 29180, 29181	8/24/99
	Tentative Tract Map approval 29182 ⁽¹⁾ , 29183 ⁽²⁾ , 29184, 29185	9/14/99
	Tentative Tract Map approval 29197, 29198, 29199, 29200, 20201	4/25/00
Improvements to be Financed with Bond Proceeds:	Critical and Joint Facilities and Individual Facilities consisting of Oak View Drive Water and Collector Sewer and park improvements	
Absorption Period:	Approximately 10 years (see "APPENDIX C" herein)	
Appraised Value:	\$48,445,000 (see "APPENDIX D" herein)	
Bonded Indebtedness of Improvement Area:	\$10,885,000	
Ratio of Appraised Value to Bonded Indebtedness:	4.45 to 1	

(1) The property owner intends to request the City to amend this tentative map to increase the minimum lot sizes to 5,500 square feet and decrease the number of dwelling units to 92.

(2) The property owner intends to request the City to amend this tentative map to increase the minimum lot size to 6,500 square feet and decrease the number of dwelling units to 64.

DEBT STRUCTURE

Outstanding Indebtedness

The Authority. The Authority will not have any other indebtedness secured by the Revenues. However, as indicated in "INTRODUCTORY STATEMENT - The Issuers", the District Bonds for Improvement Area Nos. 3 and 11 are on a parity with the 1994 District Bonds issued with respect to such Improvement Areas.

Additional Obligations

The Authority. The Bonds are part of an overall program for the financing of public capital improvements. The Authority, by the adoption of Resolution No. BFA 1993-04 on September 27, 1993, approved the Indenture which authorizes the issuance of Revenue Bonds to be issued in series, from time to time. The First Supplemental Indenture is the Supplemental Indenture providing for the issuance of the Bonds. Each series of the bonds, including the Bonds, are separately secured by the Local Obligations acquired, in whole or in part, with the proceeds of such series and the funds and accounts established with respect to such series of the bonds. Only revenues which are surplus revenues (and which would otherwise be retained by the Authority free and clear of the pledge and lien securing repayment of a series of bonds) are pledged by the Authority to meet any deficiency in a reserve fund established for any other series of the bonds. No other revenues or other moneys derived with respect to a series of the bonds are available for payment of another series of the bonds.

The District. Pursuant to the provisions of the District Indenture, the District is authorized to issue additional bonds.

After delivery of the District Bonds, the District may issue additional District Bonds (the "Additional Bonds") in one or more series. Pursuant to the District Indenture, the District may, by resolution authorizing the issuance thereof and the execution of a Supplemental Indenture with respect thereto, provide for the issuance of Additional Bonds on a parity with the District Bonds provided, among other things, that (i) the District Trustee shall have received a certificate of an Independent Financial Consultant to the effect that (a) the ratio of the value of the property included within the applicable Improvement Area within the District to the amount of lien which will be on the property after the issuance of the parity bonds, including the amount of any assessment bonds or bonds issued under the Mello-Roos Act, is not less than 3:1 and (b) the total Special Tax revenues which could be generated by the District within such Improvement Area by the levy of the Special Tax at the Maximum Special Tax (pursuant to the Mello-Roos Act and the applicable resolutions of the District) on all then taxable property in such Fiscal Year, is at least 1.10 times maximum annual debt service on all outstanding bonds relating to the applicable Improvement Area (including parity bonds previously issued and the parity bonds proposed to be issued).

The principal amount of Bonds authorized to be issued in the three Improvement Areas are as follows:

**TABLE NO. 5
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
BOND AUTHORIZATION
IMPROVEMENT AREA NOS. 3, 11 AND 14**

	<u>Authorized</u>	<u>Issued 1994</u>
Improvement Area No. 3	\$ 11,990,000.00	\$ 1,060,580.84
Improvement Area No. 11	3,185,000.00	515,979.72
Improvement Area No. 14	14,000,000.00	0

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., as of May 1, 2000. The Debt Report is included for general information purposes only. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations are not payable from District Special Taxes nor are they necessarily obligations secured by property within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Presently, the property within the District is subject to \$2,011,421 of direct and overlapping tax and assessment debt and overlapping general fund obligation debt, a figure which excludes the District Bonds (see table below). To repay the direct and overlapping tax and assessment debt and overlapping lease obligation debt, the property owners of the land within the District must pay the annual Special Tax and the general property tax levy.

In addition, other public agencies whose boundaries overlap those of the District could, without the consent of the District, and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the real property within the District in order to finance public improvements or services to be located or furnished inside of or outside of the District. The lien created on the real property within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Taxes. The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of the landowners to pay the Special Tax and increases the possibility that foreclosure proceeds, if any, will not be adequate to pay delinquent Special Taxes.

**TABLE NO. 6
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NOS. 3, 11 AND 14**

1999/2000 Assessed Valuation: \$12,966,801

**DIRECT AND OVERLAPPING
TAX AND ASSESSMENT DEBT:**

	<u>% Applicable</u>	<u>Debt 5/1/00</u>
Beaumont Unified School District	1.160%	\$ 35,322
City of Beaumont Community Facilities District No. 93-1, IA Nos. 3, 11 and 14	100.000	<u>1,740,294</u> ⁽¹⁾

**TOTAL DIRECT AND OVERLAPPING
TAX AND ASSESSMENT DEBT**

\$1,775,616

OVERLAPPING GENERAL FUND OBLIGATION DEBT:

	<u>% Applicable</u> ⁽²⁾	<u>Debt 5/1/00</u>
Riverside County General Fund Obligations	0.020%	\$111,966
Riverside County Board of Education Certificates of Participation	0.020	3,371
Riverside County Floor Control & Water Conservation District - General Fund Obligations	0.023	109
Beaumont Unified School District Certificates of Participation	1.124	97,816
San Geronio Memorial Hospital District Authority	0.699	<u>22,543</u>

**TOTAL NET OVERLAPPING GENERAL FUND
OBLIGATION DEBT**

\$235,805

COMBINED TOTAL DEBT

\$2,011,421 ⁽³⁾

(1) Excludes issue to be sold.

(2) Based on redevelopment adjusted all property valuation of \$12,270,044.

(3) Includes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Direct Debt (\$1,740,294)	13.42%
Total Direct and Overlapping Tax and Assessment Debt	13.69%
Combined Total Debt	15.51%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/99: \$0

Source: California Municipal Statistics, Inc.

Scheduled Debt Service on the Bonds

The following is the scheduled Debt Service on the Bonds.

<u>Interest Payment Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Annual Debt Service</u>
September 1, 2000			\$ 206,790.45	\$ 206,790.45
March 1, 2001			531,746.88	
September 1, 2001			531,746.88	1,063,493.75
March 1, 2002			531,746.88	
September 1, 2002	\$ 175,000.00	6.25%	531,746.88	1,238,493.75
March 1, 2003			526,278.13	
September 1, 2003	165,000.00	6.25%	526,278.13	1,217,556.25
March 1, 2004			521,121.88	
September 1, 2004	155,000.00	6.25%	521,121.88	1,197,243.75
March 1, 2005			516,278.13	
September 1, 2005	155,000.00	6.25%	516,278.13	1,187,556.25
March 1, 2006			511,434.38	
September 1, 2006	170,000.00	6.25%	511,434.38	1,192,868.75
March 1, 2007			506,121.88	
September 1, 2007	190,000.00	6.25%	506,121.88	1,202,243.75
March 1, 2008			500,184.38	
September 1, 2008	205,000.00	6.25%	500,184.38	1,205,368.75
March 1, 2009			493,778.13	
September 1, 2009	215,000.00	6.25%	493,778.13	1,202,556.25
March 1, 2010			487,059.38	
September 1, 2010	225,000.00	6.25%	487,059.38	1,199,118.75
March 1, 2011			480,028.13	
September 1, 2011	235,000.00	7.25%	480,028.13	1,195,056.25
March 1, 2012			471,509.38	
September 1, 2012	250,000.00	7.25%	471,509.38	1,193,018.75
March 1, 2013			462,446.88	
September 1, 2013	265,000.00	7.25%	462,446.88	1,189,893.75
March 1, 2014			452,840.63	
September 1, 2014	280,000.00	7.25%	452,840.63	1,185,681.25
March 1, 2015			442,690.63	
September 1, 2015	295,000.00	7.25%	442,690.63	1,180,381.25
March 1, 2016			431,996.88	
September 1, 2016	310,000.00	7.25%	431,996.88	1,173,993.75
March 1, 2017			420,759.38	
September 1, 2017	330,000.00	7.25%	420,759.38	1,171,518.75
March 1, 2018			408,796.88	
September 1, 2018	350,000.00	7.25%	408,796.88	1,167,593.75
March 1, 2019			396,109.38	
September 1, 2019	370,000.00	7.25%	396,109.38	1,162,218.75
March 1, 2020			382,696.88	
September 1, 2020	400,000.00	7.25%	382,696.88	1,165,393.75
March 1, 2021			368,196.88	
September 1, 2021	420,000.00	7.375%	368,196.88	1,156,393.75
March 1, 2022			352,709.38	
September 1, 2022	450,000.00	7.375%	352,709.38	1,155,418.75
March 1, 2023			336,115.63	
September 1, 2023	475,000.00	7.375%	336,115.63	1,147,231.25
March 1, 2024			318,600.00	
September 1, 2024	710,000.00	7.375%	318,600.00	1,347,200.00
March 1, 2025			292,418.75	
September 1, 2025	765,000.00	7.375%	292,418.75	1,349,837.50
March 1, 2026			264,209.38	
September 1, 2026	820,000.00	7.375%	264,209.38	1,348,418.75
March 1, 2027			233,971.88	
September 1, 2027	880,000.00	7.375%	233,971.88	1,347,943.75
March 1, 2028			201,521.88	
September 1, 2028	940,000.00	7.375%	201,521.88	1,343,043.75
March 1, 2029			166,859.38	
September 1, 2029	1,020,000.00	7.375%	166,859.38	1,353,718.75
March 1, 2030			129,246.88	
September 1, 2030	1,090,000.00	7.375%	129,246.88	1,348,493.75
March 1, 2031			89,053.13	
September 1, 2031	1,175,000.00	7.375%	89,053.13	1,353,106.25
March 1, 2032			45,725.00	
September 1, 2032	1,240,000.00	7.375%	45,725.00	1,331,450.00

Scheduled Debt Service on the District Bonds

The following is the scheduled Debt Service on the District Bonds.

Interest Payment Date	Improvement Area No. 3		Improvement Area No. 11		Improvement Area No. 14		Total Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
September 1, 2000		\$ 40,518.58		\$ 13,623.26		\$ 152,648.61	\$ 206,790.45
March 1, 2001		104,190.63		35,031.25		392,525.00	
September 1, 2001		104,190.63		35,031.25		392,525.00	1,063,493.75
March 1, 2002		104,190.63		35,031.25		392,525.00	
September 1, 2002	\$ 55,000.00	104,190.63	\$ 10,000.00	35,031.25	\$ 110,000.00	392,525.00	1,238,493.75
March 1, 2003		102,471.88		34,718.25		389,087.50	
September 1, 2003	40,000.00	102,471.88	10,000.00	34,718.25	115,000.00	389,087.50	1,217,556.25
March 1, 2004		101,221.88		34,406.25		385,493.75	
September 1, 2004	20,000.00	101,221.88	10,000.00	34,406.25	125,000.00	385,493.75	1,197,243.75
March 1, 2005		100,596.88		34,093.75		381,587.50	
September 1, 2005	15,000.00	100,596.88	10,000.00	34,093.75	130,000.00	381,587.50	1,187,556.25
March 1, 2006		100,128.13		33,781.25		377,525.00	
September 1, 2006	20,000.00	100,128.13	10,000.00	33,781.25	140,000.00	377,525.00	1,192,868.75
March 1, 2007		99,503.13		33,468.75		373,150.00	
September 1, 2007	30,000.00	99,503.13	10,000.00	33,468.75	150,000.00	373,150.00	1,202,243.75
March 1, 2008		98,565.63		33,156.25		368,462.50	
September 1, 2008	35,000.00	98,565.63	10,000.00	33,156.25	160,000.00	368,462.50	1,205,368.75
March 1, 2009		97,471.88		32,843.75		363,462.50	
September 1, 2009	35,000.00	97,471.88	10,000.00	32,843.75	170,000.00	363,462.50	1,202,556.25
March 1, 2010		96,378.13		32,531.25		358,150.00	
September 1, 2010	35,000.00	96,378.13	10,000.00	32,531.25	180,000.00	358,150.00	1,199,118.75
March 1, 2011		95,284.38		32,218.75		352,525.00	
September 1, 2011	35,000.00	95,284.38	10,000.00	32,218.75	190,000.00	352,525.00	1,195,056.25
March 1, 2012		94,015.63		31,856.25		345,637.50	
September 1, 2012	35,000.00	94,015.63	10,000.00	31,856.25	205,000.00	345,637.50	1,193,018.75
March 1, 2013		92,746.88		31,493.75		338,206.25	
September 1, 2013	35,000.00	92,746.88	10,000.00	31,493.75	220,000.00	338,206.25	1,189,893.75
March 1, 2014		91,478.13		31,131.25		330,231.25	
September 1, 2014	35,000.00	91,478.13	10,000.00	31,131.25	235,000.00	330,231.25	1,185,681.25
March 1, 2015		90,209.38		30,768.75		321,712.50	
September 1, 2015	35,000.00	90,209.38	10,000.00	30,768.75	250,000.00	321,712.50	1,180,381.25
March 1, 2016		88,940.63		30,406.25		312,650.00	
September 1, 2016	35,000.00	88,940.63	5,000.00	30,406.25	270,000.00	312,650.00	1,173,993.75
March 1, 2017		87,671.88		30,225.00		302,862.50	
September 1, 2017	35,000.00	87,671.88	5,000.00	30,225.00	290,000.00	302,862.50	1,171,518.75
March 1, 2018		86,403.13		30,043.75		292,350.00	
September 1, 2018	35,000.00	86,403.13	5,000.00	30,043.75	310,000.00	292,350.00	1,167,593.75
March 1, 2019		85,134.38		29,862.50		281,112.50	
September 1, 2019	35,000.00	85,134.38	5,000.00	29,862.50	330,000.00	281,112.50	1,162,218.75
March 1, 2020		83,865.63		29,681.25		269,150.00	
September 1, 2020	40,000.00	83,865.63	5,000.00	29,681.25	355,000.00	269,150.00	1,165,393.75
March 1, 2021		82,415.63		29,500.00		256,281.25	
September 1, 2021	35,000.00	82,415.63	5,000.00	29,500.00	380,000.00	256,281.25	1,156,393.75
March 1, 2022		81,125.00		29,315.63		242,268.75	
September 1, 2022	40,000.00	81,125.00	-	29,315.63	410,000.00	242,268.75	1,155,418.75
March 1, 2023		79,650.00		29,315.63		227,150.00	
September 1, 2023	35,000.00	79,650.00	-	29,315.63	440,000.00	227,150.00	1,147,231.25
March 1, 2024		78,359.38		29,315.63		210,925.00	
September 1, 2024	175,000.00	78,359.38	65,000.00	29,315.63	470,000.00	210,925.00	1,347,200.00
March 1, 2025		71,906.25		26,918.75		193,593.75	
September 1, 2025	190,000.00	71,906.25	70,000.00	26,918.75	505,000.00	193,593.75	1,349,837.50
March 1, 2026		64,900.00		24,337.00		174,971.88	
September 1, 2026	200,000.00	64,900.00	75,000.00	24,337.00	545,000.00	174,971.88	1,348,418.75
March 1, 2027		57,525.00		21,571.88		154,875.00	
September 1, 2027	215,000.00	57,525.00	80,000.00	21,571.88	585,000.00	154,875.00	1,347,943.75
March 1, 2028		49,596.88		18,621.88		133,303.13	
September 1, 2028	230,000.00	49,596.88	85,000.00	18,621.88	625,000.00	133,303.13	1,343,043.75
March 1, 2029		41,115.63		15,487.50		110,256.25	
September 1, 2029	250,000.00	41,115.63	95,000.00	15,487.50	675,000.00	110,256.25	1,353,718.75
March 1, 2030		31,896.88		11,984.38		85,365.63	
September 1, 2030	270,000.00	31,896.88	100,000.00	11,984.38	720,000.00	85,365.63	1,348,493.75
March 1, 2031		21,940.63		8,296.88		58,815.63	
September 1, 2031	290,000.00	21,940.63	110,000.00	8,296.88	775,000.00	58,815.63	1,353,106.25
March 1, 2032		11,246.88		4,240.63		30,237.50	
September 1, 2032	305,000.00	11,246.88	115,000.00	4,240.63	820,000.00	30,237.50	1,331,450.00

SUMMARY OF THE LEGAL DOCUMENTS

THE INDENTURE

The following is a summary of certain provisions of the Indenture applicable to the Bonds and does not purport to be a complete restatement thereof. Reference is hereby made to the Indenture for further information in this regard. Copies of the Indenture are available from the Authority upon request upon payment of a charge for copying, handling and mailing. For convenience in the discussion below, references are made to certain funds and accounts relating to the Bonds. Under the Indenture, there are established separate Accounts and Funds relating to the Bonds, and for those bonds issued in 1994 and 1996 in the event other series of bonds are issued in the future, separate funds and accounts with similar names, but appropriate bond series designation, have been or will be established with respect to such series of bonds.

Creation of Funds and Accounts

The Indenture establish the following funds and accounts for the Bonds.

1. Beaumont Financing Authority 2000 Local Agency Revenue Bonds Bond Fund (the “Bond Fund”) which will be held by the Trustee and in which the following accounts for the Bonds have been established by the Indenture for the deposit of Revenues when transferred to the Trustee by the District Trustee for the District Bonds.

(a) Interest Account. All amounts in the Interest Account are required to be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable. Any amounts on deposit in the Interest Account on any Interest Payment Date and not required to pay interest when due and payable on the Bonds are required to be transferred to the Residual Account.

(b) Principal Account. All amounts in the Principal Account are required to be used and withdrawn by the Trustee solely to pay the principal on the Bonds upon stated maturity or sinking payment date thereof. Any amounts on deposit in the Principal Account on any Interest Payment Date and not required to pay principal or sinking account payments when due and payable on the Bonds are required to be transferred to the Residual Account.

(c) Residual Account. Following the deposits to the Interest Account and Principal Account, moneys transferred by the Authority from the Revenue Fund are required to be deposited by the Trustee into the Residual Account. Moneys deposited into the Residual Account are required to be transferred by the Trustee as discussed in “Application of Revenues” herein.

(d) Redemption Account. All amounts deposited in the Redemption Account are required to be used and withdrawn by the Trustee solely for the purposes of redeeming the Bonds in the manner and upon the terms and conditions specified in the Indenture at the next succeeding date of redemption for which notice has been given.

2. Beaumont Financing Authority 2000 Local Agency Revenue Bonds Reserve Fund (the “Reserve Fund”) which will be held by the Trustee. All money in the Reserve Fund is required to be used and withdrawn by the Trustee solely for the purposes of making transfers to the Interest Account, the Principal Account and the Redemption Account in such order of priority in the event of any deficiency at any time in any of such accounts, or for the retirement of all the Bonds then Outstanding, except that so long as the Authority is not in default under the Indenture, any amount in the Reserve Fund in excess of the Reserve Requirement is required to be withdrawn from the Reserve Fund semiannually, at least two (2) Business Days prior to each Interest Payment Date, and allocated to any Reserve Fund for any other Series of Bonds which is not at the Reserve Requirement applicable thereto on a pro rata basis and any amount remaining after the deposit shall be deposited in the Interest Account.

3. Beaumont Financing Authority 2000 Local Agency Revenue Bonds Revenue Fund (the "Revenue Fund") which will be held by the Trustee. All Revenues are required to be deposited by the Trustee upon receipt thereof into the Revenue Fund. The Trustee is required to transfer and deposit revenues in the Expense Fund and the Bond Fund as provided in the Indenture.

4. Beaumont Financing Authority 2000 Local Agency Revenue Bonds Expense Fund (the "Expense Fund") which will be held by the Trustee. The Trustee is required to transfer to the Expense Fund an amount estimated by the Authority to be required, together with any other available amounts in the Expense Fund, to pay Program Expenses, provided that such amount is required not to exceed the amount provided for in the then applicable Cash-Flow Certificate.

5. Beaumont Financing Authority 2000 Local Agency Revenue Bonds Program Fund (the "Program Fund") which will be held by the Trustee. All money in the Program Fund is required to be used solely for the acquisition of the District Bonds pursuant to the Purchase Agreement.

Pledge and Assignment; Revenue Fund

(a) Subject only to the provisions of the Indenture, all of the Revenues with respect to the Bonds and any other amounts held in any fund or account established pursuant to the Indenture with respect to the Bonds are pledged by the Authority to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds by the Trustee, upon the physical delivery thereof.

(b) Subject to the provisions of the Indenture, the Authority assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the District Bonds. The Trustee shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall be paid by the Authority to the Trustee as provided in the Indenture. The Trustee also shall be entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of Authority under and with respect to the District Bonds.

Application of Revenues

On or prior to the fifth Business Day before each Interest Payment Date or redemption date, the Trustee is required to transfer all Revenues then in the Revenue Fund for deposit into the following funds and accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

(a) The Trustee is required to deposit in the Interest Account an amount which, together with the amounts then on deposit therein, including amounts, if any, transferred by the Trustee from the Reserve Fund, is sufficient to cause the aggregate amount on deposit in the Interest Account to equal the amount then-required to make any interest payment coming due and payable on such Interest Payment Date.

(b) The Trustee is required to deposit in the Principal Account, if necessary, an amount which, together with the amounts then on deposit therein, including amounts, if any, transferred by the Trustee from the Reserve Fund, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal or mandatory sinking payment coming due and payable on such Interest Payment Date on the Outstanding Bonds upon the stated maturity or redemption thereof.

(c) The Trustee is required to deposit in the Reserve Fund an amount, if any, sufficient to restore the amount on deposit in the Reserve Fund to the Reserve Requirement.

(d) The Trustee is required to deposit all remaining amounts in the Residual Account to be applied as described below.

Following the deposits set forth above, moneys transferred by the Trustee from the Revenue Fund are required to be deposited by the Trustee into the Residual Account. Moneys deposited into the Residual Account are required to be transferred by the Trustee in the following order of priority:

(1) to make up any deficiency in the Funds and Accounts in the following order:

First: Interest Account;

Second: Principal Account; and

Third: Reserve Fund.

(2) On any Interest Payment Date, any Revenues collected by the Trustee which are in excess of amounts required to pay annual debt service and expenses are required to (i) first be applied by the Trustee to replenish any deficiency then existing in a reserve fund established with respect to any other Series of the Bonds, provided that the Authority is required to first obtain an opinion of Bond Counsel that any such replenishment will not adversely affect the exclusion from gross income for purposes of the federal tax laws of interest payable on any applicable Series of the Bonds, and (ii) then, upon the Trustee's receipt of a Written Certificate be transferred by the Trustee to the District Trustee to be used to pay project costs or as otherwise provided in the District Indenture. At any time and from time to time, the amount of any such excess shall be established by a Cash Flow Certificate delivered to the Trustee, together with the Written Certificate of the Authority.

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture are required to be invested by the Trustee solely in Permitted Investments, and solely as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments are required to be acquired subject to any restrictions provided in the Indenture and such additional limitations or requirements consistent with the Indenture as may be established by the Written Request of the Authority. Moneys in all funds and accounts are required to be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture. Absent timely written direction from the Authority, the Trustee is required to invest any funds held by it in Permitted Investments as described in (g) of the definition thereof (consisting of certain commercial paper or money market funds).

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, or as required for the purposes of the provisions of the Indenture, the Trustee is required to sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture.

Debt Service Reserve Fund Surety. The Authority may obtain a policy of insurance or surety bond issued by an insurance company, obligations insured by which have a rating by Moody's Investors

Service and Standard & Poor's Ratings Group of "A" or better (without regard to plus (+) or minus (-) designations), or an irrevocable letter of credit, line of credit or similar arrangement issued by a Qualified Bank, to satisfy all or a portion of the Reserve Requirement. A Qualified Bank is a state or national bank or trust company or savings and loan association or a foreign bank with a domestic branch or agency which is organized and in good standing under the laws of the United States or any state thereof or any foreign country, which has a capital and surplus of \$50,000,000 or more and which has a short term debt rating of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service or Standard & Poor's Ratings Group.

Sale of the District Bonds

Notwithstanding anything in the Indenture to the contrary, the Authority may arrange for the sale of the District Bonds and cause the Trustee to sell, from time to time, all or a portion of the District Bonds, provided that the Authority is required to deliver (i) a Cash Flow Certificate to the Trustee demonstrating that the annual debt service will be met (or will continue to be met) upon application of the proceeds of sale of the District Bonds to the special mandatory redemption of Bonds pursuant to the Indenture, as directed in a Written Certificate of the Authority delivered (together with the annual debt service) to the Trustee not less than sixty (60) days prior to the applicable redemption date, and (ii) an opinion of Authority Bond Counsel to the effect that such sale will not adversely impact the exclusion from gross income, for federal income tax purposes, of interest payable on the Bonds.

Upon compliance with the foregoing conditions, the Trustee is required to deposit such proceeds in the Redemption Account and to provide for the special mandatory redemption of Bonds.

Additional Bonds

Under the Indenture, the Authority may issue from time to time, additional series of bonds upon delivery of a Supplemental Indenture providing for the issuance of such series of bonds and the delivery to the Trustee of (i) a Cash-Flow Certificate with respect to such series of the bonds and (ii) if any issue of Local Obligations to be acquired with the proceeds of such series of bonds does not otherwise meet the Minimum Credit Requirements, then with the approval of an Independent Financial Consultant with respect to acquisition of such issue of Local Obligations, the Authority may execute, and upon the Written Request of the Authority, the Trustee shall authenticate and deliver such Series of bonds. Except with respect to certain investment earnings on the Reserve Fund, these new bonds may not be secured on a parity with the Bonds.

Certain Covenants of the Authority

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default thereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the District Bonds and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the Bond proceeds, the Revenues, the District Bonds and all funds and accounts established with the Trustee pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the City, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

The Authority shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principals, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the District Bonds and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Trustee and the District, during regular business hours and upon twenty-four (24) hours' notice and under reasonable circumstances as agreed to by the Authority.

No Arbitrage. The Authority shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

Private Business Use Limitation. The Authority shall assure that:

(a) not in excess of ten percent of the proceeds of the Bonds is used for Private Business Use if, in addition, the payment of the principal of, or the interest on, more than ten percent of the proceeds of the Bonds is (under the terms of the Bonds or any underlying arrangement) directly or indirectly, (i) secured by any interest in property, or payments in respect of property, used or to be used for a Private Business Use, or (ii) to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a Private Business Use; and

(b) in the event that in excess of five percent of the proceeds of the Bonds is used for a Private Business Use, and, in addition, the payment of the principal of, or the interest on, more than five percent of the proceeds of the Bonds is (under the terms of the Bonds or any underlying arrangement), directly or indirectly, secured by any interest in property, or payments in respect of property, used or to be used for said Private Business Use or is to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a Private Business Use, then, (A) said excess over five percent of the proceeds of the Bonds which is used for a Private

Business Use shall be used for a Private Business Use related to a government use of such proceeds and (B) each such Private Business Use over five percent of the proceeds of the Bonds which is related to a government use of such proceeds shall not exceed the amount of such proceeds which is used for the government use of proceeds to which such Private Business Use is related.

Federal Guarantee Prohibition. The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Tax Code.

Collection of Revenues Under the District Bonds. The Authority shall cause to be collected and paid to the Trustee all Revenues payable with respect to the District Bonds promptly as such Revenues become due and payable, and shall vigorously enforce and cause to be enforced all rights of the Authority and the Trustee under and with respect to the District Bonds.

Events of Default

Events of Default. The following events shall be Events of Default under the Indenture:

(a) if default shall be made in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable;

(c) if default shall be made by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall be continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding affected thereby, provided, however, that if in the reasonable opinion of the Authority provided to the Trustee in writing the default stated in the notice can be corrected, but not within such sixty (60) day period, such default shall not constitute an Event of Default under the Indenture if the Authority shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

Remedies Upon Event of Default.

The Bonds are not subject to acceleration if an Event of Default occurs with respect to the District Bonds.

(a) (i) If any Event of Default shall occur because of an event of default with respect to an issue of Local Obligations for which acceleration is a remedy (the District Bonds are not subject to acceleration), then, and in each and every such case during the continuance of such Event of Default and upon the occurrence of any Event of Default described in subsections (a) or (b), above, the Trustee may, or at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, as determined pursuant to the Indenture, the Trustee shall, upon notice in writing to the Authority, cause redemption of Bonds in accordance with the applicable provisions of the Indenture.

(ii) If any Event of Default shall occur because of an event of default with respect to an issue of Local Obligations (such as the District Bonds) for which acceleration is not a remedy, then, and in each and every such case during the continuance of such Event of Default and upon the occurrence of any Event of Default described in (a) and (b), above, the Trustee may, or at the written

request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, as determined pursuant to the Indenture, the Trustee shall, upon notice in writing to the Authority, exercise any and all remedies available pursuant to law or granted with respect to such issue of Local Obligations.

(b) Any such declaration of an Event of Default is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the District shall deposit with the Trustee a sum sufficient to pay all the principal of, premium, if any, and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges, and expenses of the Trustee, including without limitation those of its counsel, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to the Indenture, affected thereby, by written notice to the Authority, the District and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds affected thereby, rescind and annul such declaration and its consequences and waive such default but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Other Remedies of Bond Owners. Subject to the provisions of the Indenture limiting a Bond Owner's right to sue, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it by the Bond Law;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee in the Bond Fund, and all Revenues and any other funds then held or thereafter received by the Authority or the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees and expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges, and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid)- subject to the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Trustee to Represent Bond Owners. Pursuant to the Indenture, the Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, the Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, as determined pursuant to the Indenture, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained therein, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, the Indenture, the Bond Law or any other law and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to the Indenture affected thereby, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Limitation on Bond Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to the Indenture affected thereby, shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or

proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such requests; (d) the Trustee shall have refused or failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority, in aggregate principal amount, of the Series of Bonds then Outstanding affected thereby.

Such notification, request, tender of indemnity and refusal or omission are declared in the Indenture, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Bond Law or other applicable law with respect to the Bonds, except in the manner therein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner therein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

The Trustee

Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture and no implied duties or covenants shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may, and upon written Request of the Local Agencies representing a majority in aggregate principal amount of the Local Obligations then outstanding shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and the Authority shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of all the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with paragraph (d) below, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and the Authority and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Authority and to the Bondowners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing

(d) Any Trustee appointed under the Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State agency, so long as any Bonds are Outstanding. If such corporation publishes a report of condition at least annually, pursuant to law or to the requirements of

any supervising or examining agency above referred to, then for the purpose of this paragraph (d), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified above.

Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under paragraph (d) above, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee.

(a) The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or any Local Obligation or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the Authority or others in accordance with the Indenture except as the application of any moneys paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

(e) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it is not assured to its satisfaction that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee under the Indenture shall be construed to impose a duty to exercise such power, right or remedy.

Modification or Amendment of the Indenture or the District Bonds

(a) The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures

supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all Series of Bonds then Outstanding affected thereby, as determined pursuant to the Indenture, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondowners to approve the particular form of any supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any supplemental indenture, the Trustee shall cause to be mailed a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such supplemental indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

(b) The Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by an indenture or indenture supplemental thereto, which the Authority and the Trustee may enter into without the consent of any Bondowners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture, or as to any other provisions of the Indenture as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners;

(iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income for purposes of federal income taxation by the United States of America under the Code;

(v) to modify any of the requirements of the Indenture with respect to the terms and provisions of any issue of Local Obligations, provided that any such modification shall apply only to a series of the bonds issued and delivered subsequent to the execution and delivery of the applicable supplemental indenture;

(vi) to modify or amend any provision of the Indenture with any effect and to any extent whatsoever permissible by law, provided that any such modification or amendment shall apply only to a series of bonds issued and delivered subsequent to the execution and delivery of the applicable supplemental indenture; and

(vii) to issue from time to time series of the bonds.

Endorsement of Bonds: Preparation of New Bonds. Bonds delivered after the execution of any supplemental indenture may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such supplemental indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the trust office of the Trustee a suitable notation shall be made on such Bonds. If the supplemental indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such supplemental indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged (without cost to any Bondowners) for any Bonds then Outstanding, upon surrender of such Bonds for cancellation at the Trust Office.

Amendment of Particular Bonds. The provisions of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

Amendment of the District Bonds. Nothing in the Indenture shall prohibit the Authority from consenting to the amendment, supplement or other modification of the District Bonds, or the proceedings providing for the issuance thereof provided that the Authority shall first deliver to the Trustee a Written Certificate describing such amendment, supplement or other modification, together with (i) a certificate of an Independent Financial Consultant stating that such amendment, supplement or other modification will not adversely impact the Authority's ability to pay principal and interest of the Bonds and (ii) an opinion of Authority Bond Counsel that such amendment, supplement or other modification will not impair the exclusion from gross income of interest on the Bonds for purposes of federal income taxation by the United States of America. The Trustee shall take such actions as shall be directed by the Authority in implementation of such amendment, supplement or other modification, including, without limitation, the acceptance by the Trustee of revised District Bonds in exchange for the amended, supplemented or otherwise modified District Bonds.

Defeasance

Discharge of Indenture. The Bonds, or any portion thereof, may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority:

- (a) by paying or causing to be paid the principal of and interest and premium, if any on the Bonds, or any portion thereof as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or Federal Securities in the amount and in the manner required by the Indenture necessary to pay or redeem all, or any portion thereof, of the Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all, or any portion thereof, of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority including without limitation any compensation due and owing the Trustee under the Indenture, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of an Authorized Representative of the Authority and an opinion of Bond Counsel acceptable to the

Trustee, each to the effect that all conditions precedent therein provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the cost of the Authority, mail, by first class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

THE DISTRICT INDENTURE

The following is a brief summary of the provisions of the District Indenture relating to the District Bonds and does not purport to be a complete restatement thereof. Such summary is not intended to be definitive, and reference is made to the complete District Indenture for the complete terms thereof, copies of which are available upon request sent to the Authority upon payment of a charge for copying, handling, and mailing.

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. A portion of the proceeds of each Series of the District Bonds will be deposited by the Trustee in the Costs of Issuance Fund on the Closing Date. The moneys in the Costs of Issuance Fund will be disbursed to pay costs of issuing the District Bonds and other related financing costs from time to time upon receipt of written requests of the District. Six months after issuance of the Bonds, or upon the earlier request of the District, all amounts remaining in the Costs of Issuance Fund are required to be transferred by the Trustee to the Construction Fund.

Construction Fund. A portion of the proceeds of the District Bonds will be deposited by the Trustee in the Construction Fund on the Closing Date. The Trustee will disburse moneys in the Construction Fund on the Closing Date to pay Project Costs (or to reimburse the District for payment of Project Costs) of the Project upon receipt by the Trustee of requisitions of the District. Upon the filing with the District Trustee of a certificate of the District stating that the Project has been completed, the Trustee is required to withdraw all amounts then on deposit in the Construction Fund and transfer such amounts to the applicable Accounts in the Bond Fund.

Bond Fund: Deposit and Transfer of Amounts Therein. At such time as the County Auditor-Controller of the County of Riverside makes an apportionment of tax revenues, including Special Taxes of any Improvement Area and other amounts constituting Gross Taxes, if any, and such apportionment is transferred to the Trustee on behalf of the District (any such apportionment being hereinafter referred to as "Apportionment"), the Trustee shall deposit such Apportionment and any other amounts constituting Gross Taxes in the applicable Account in the Special Tax Fund for such Improvement Area, to be held in trust by the Trustee and transferred and deposited into the following respective Accounts and Funds (each of which accounts the Trustee shall establish and maintain within the District Bond Fund) the following amounts in the following order of priority, the requirements of each such Account (including the making up of any deficiencies in any such Account resulting from lack of Special Taxes for the applicable Improvement Area sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any Account subsequent in priority:

(a) **Administrative Expense Fund.** The Trustee will deposit in the applicable Administrative Expense Fund the amount of Administrative Expenses required to be deposited therein pursuant to the District Indenture. The Trustee shall apply the moneys on deposit in the Administrative Expense Fund to the payment of Administrative Expenses, as directed by the District.

(b) **Interest Account.** On February 15 and August 15 preceding each Interest Payment Date, the Trustee will deposit in the applicable Interest Account an amount required to cause the aggregate amount on deposit in such Account to equal the amount of interest becoming due and payable on the March 1 and September 1 Interest Payment Dates on all Outstanding District Bonds of the applicable Series. All moneys in such Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the applicable Series of District Bonds as it becomes due and payable (including accrued interest on any District Bonds of the applicable Series redeemed prior to maturity).

(c) **Principal Account.** On August 15 of each year the Trustee will deposit in the applicable Principal Account an amount required to cause the aggregate amount on deposit in such Account to equal the principal amount of the District Bonds with respect to the applicable Improvement Area

coming due and payable on the following Interest Payment Date. All moneys in such Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the applicable Series of District Bonds at their respective maturity dates.

(d) **Sinking Account.** On August 15 of each year the Trustee will deposit in the applicable Sinking Account an amount equal to the aggregate principal amount of Term District Bonds relating to the applicable Improvement Area required to be redeemed on the following Interest Payment Date, if any. Amounts on deposit in such Sinking Account are required to be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term District Bonds with respect to the applicable Improvement Area in accordance with the mandatory sinking account redemption thereof.

(e) **Reserve Account.** There is no Reserve Account established with respect to the District Bonds.

Redemption Fund. The Trustee is required to establish and maintain in the Redemption Fund, amounts which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the applicable Series of District Bonds to be redeemed (other than Term District Bonds to be redeemed from Sinking Account deposits). At any time prior to giving notice of redemption of any such District Bonds, the Trustee may apply such amounts to the purchase of the applicable Series of District Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Series of District Bonds.

Investment of Funds

All moneys in any of the funds or accounts held by the Trustee under the District Indenture will be invested by the Trustee solely in Permitted Investments as directed by the District in advance of the making of such investments. In the absence of any such direction of the District, the Trustee will invest any such moneys in Permitted Investments described in clause (g) of the definition thereof (consisting of certain commercial paper or money market funds). Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

Prior to completion of the Project, all interest or gain derived from the investment amounts in any of the funds or accounts established under the District Indenture shall be deposited in the Construction Fund and allocated by the District to the respective Improvement Areas relating thereto. Following the Completion Date, all interest or gain derived from the investment of amounts in any of the funds or accounts shall be deposited in the applicable Special Tax Fund from time to time on or before each Installment Payment Date. For purposes of acquiring any investments under the District Indenture, the District Trustee may commingle funds held by it thereunder. The District Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor.

Covenants of the District

Punctual Payment. The District covenants that it will receive all Gross Taxes in trust and will, consistent with the District Indenture deposit the Gross Taxes with the Trustee in trust and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the District Indenture. All such Gross Taxes, whether received by the District in trust or deposited with the Trustee in trust, all as provided in the District Indenture shall nevertheless be disbursed, allocated and applied solely to the uses and purposes therein set forth, 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 District Bond issued under the District Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the District Bonds and in accordance with the District Indenture to the extent Net Taxes of the applicable Improvement Area and interest earnings transferred to the applicable Special Tax Fund are available therefor, and that the payments into the applicable Accounts in the Special Tax Fund, District Bond Fund, Redemption Fund and Administrative Expense Fund will be made, all in strict conformity with the terms of the District Bonds of each Series and the District Indenture, and that it will faithfully observe and perform all of the conditions covenants and requirements of the District Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Gross Taxes of any Improvement Area and will not issue any obligation or security superior to or on a parity with the District Bonds of any Series payable in whole or in part from the Net Taxes of the applicable Improvement Area except as provided in and in accordance with the District Indenture.

Levy of Special Tax. The City Council, on behalf of the District, shall levy the Special Tax in each Improvement Area in an amount sufficient to pay the principal of and interest on the applicable Series of the District Bonds as provided in the proceedings and the Administrative Expenses relating to such Improvement Area due or coming due, so long as any District Bonds relating to the particular Improvement Area are Outstanding provided; that the amount of the Special Tax shall not exceed the maximum amounts specified in the applicable Rate and Method of Special Tax Apportionment.

Payment of Claims. To the extent moneys are available therefor in the Construction Fund, 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 any portion of the Project owned by the District or upon the Gross Taxes or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the District Bonds; provided that nothing contained in the District Indenture 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.

Extension of Payment of Bonds. The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the District Bonds of any Series or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the District Bonds of any Series or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the District Indenture, to the benefits of the District Indenture, except subject to the prior payment in full of the principal of all of the District Bonds of such Series then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this section shall be deemed to limit the right of the District to issue District Bonds for the purpose of refunding any Outstanding District Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the District Bonds of such Series.

Against Encumbrances. The District shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Special Taxes of any Improvement Area and other assets pledged or assigned under the District Indenture while any of the District Bonds of the applicable Series are Outstanding, except the pledge and assignment created by the District Indenture. Subject to this limitation, the District expressly reserves the right to enter into one or more other District Indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

Power to Issue District Bonds and Make Pledge and Assignment. The District is duly authorized pursuant to law to issue the Bonds of each Series and to enter into the District Indenture and to pledge and assign the Special Taxes of the applicable Improvement Area and other assets purported to be pledged and assigned, respectively, under the District Indenture in the manner and to the extent provided in the District Indenture. The District Bonds of each Series and the provisions of the District

Indenture are and will be legal, valid and binding special obligations of the District in accordance with their terms, and the District and the District Trustee shall at all times, subject to the provisions of the District Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Special Taxes with respect to each Improvement Area and other assets and all the rights of the District Bondowners under the District Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The District Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of District Bonds, the Special Taxes received by the District Trustee, and all funds and accounts established pursuant to the District Indenture and the District shall keep proper books of record of the levy of the Special Taxes and of the assessed value of parcels of land within the boundaries of the District. Such books of records and account of the District Trustee will be available for inspection by the District and the City, during business hours and under reasonable circumstances.

Parity Bonds. The District covenants that any Parity District Bonds which shall be issued or incurred which are payable out of the Net Taxes of any Improvement Area in whole or in part shall be issued in accordance with the following:

(a) the amount of such Parity District Bonds shall not, together with all other District Bonds and Parity District Bonds then Outstanding with respect to such Improvement Area, exceed the total amount of District Bonds authorized to be issued by the District with respect to such Improvement Area;

(b) The District shall be in compliance with all covenants set forth in the District Indenture and a certificate of the District to that effect shall have been filed with the City Clerk on behalf of the District; provided, however, that Parity District 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 District Bonds for a particular Improvement Area the District will be in compliance with all such covenants; and

(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 District Bonds by the District Trustee (unless the District Trustee shall accept any of such documents bearing a prior date):

(1) An opinion of Bond Counsel and/or counsel to City to the effect that (a) the District has the right and power under the Act to execute and deliver the Supplemental District Indenture relating to such Parity District Bonds, and the District Indenture and all such Supplemental District Indentures have been duly and lawfully adopted, executed and delivered 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); (b) the District Indenture creates the valid pledge which it purports to create of the Net Taxes of the applicable Improvement Area as provided in the District Indenture, subject to the application thereof to the purposes and on the conditions permitted by the District Indenture; and (c) such Parity District 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 or creditors' rights) and the terms of the District Indenture and all Supplemental District Indentures thereto and entitled to the benefits of the District Indenture and all such Supplemental District Indentures, and such Parity District Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the District Indenture and all such Supplemental District Indentures and further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity District Bonds will not adversely affect the exclusion from gross

income for federal income tax purposes of interest on any Outstanding District Bonds and Parity District Bonds theretofore issued or the exemption from State of California personal income taxation of interest on any Outstanding District Bonds and Parity District Bonds theretofore issued; and

(2) A certificate of an Independent Financial Consultant certifying as of the closing date that (a) the ratio of the value of the property included within the applicable Improvement Area within the District to the amount of lien which will be on the property after the issuance of the Parity District Bonds, including the amount of any assessment bonds or bonds issued under the Act, is not less than 3:1 and (b) the total Special Tax revenues which could be generated by the District within such Improvement Area by the levy of the Special Tax at the Maximum Special Tax (pursuant to the Act and the applicable resolutions of the District) on all then taxable property in any Fiscal Year, is at least 1.10 times Maximum Annual Debt Service on all Outstanding District Bonds relating to the applicable Improvement Area (including Parity District Bonds previously issued and the Parity District Bonds proposed to be issued).

No Arbitrage. The District shall not take, or permit or suffer to be taken by the District Trustee or otherwise, any action with respect to the proceeds of the District Bonds of any Series which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the District Bonds of a Series would have caused such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Rebate Requirement. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Private Activity Bond Limitation. The District shall assure that the proceeds of the District Bonds of each Series are not so used as to cause such Bonds to satisfy the private business tests of Section 141(b) of the Code.

Private Loan Financing Limitation. The District shall assure that the proceeds of the District Bonds are not so used as to cause the District Bonds to satisfy the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the District Bonds of any Series to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Maintenance of Tax Exemption. The District shall take any and all actions necessary to assure the exclusion of interest on the District Bonds of each Series from the gross income of the Owners of such District Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of such District Bonds.

Commence Foreclosure Proceedings. The District covenants that it will determine or cause to be determined whether or not any owners of property within the applicable Improvement Areas of the District are delinquent in the payment of Special Taxes and, if such delinquencies exist to order and cause to be commenced an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due, subject to the limitations contained in the District Indenture. See, "SOURCES OF PAYMENT FOR THE BONDS - Repayment of the District Bonds - Covenant for Superior County Foreclosure" above.

Waiver of Laws. The District shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the District Indenture or in the District

Bonds of any Series, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

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

Modification of Maximum Authorized Special Tax. The District covenants that no modification of the maximum authorized Special Tax for any Improvement Area shall be approved by the District which would prohibit the District from levying the Special Tax in any Fiscal Year at such a rate as could generate Maximum Special Tax revenues in each Fiscal Year at least equal to 110% of annual debt service in such Fiscal Year for the Series of District Bonds relating to such Improvement Area.

Amendment of District Indenture

The District Indenture may be modified or amended from time to time and at any time by a supplemental District Indenture with the written consent of the Owners of a majority in aggregate principal amount of the District Bonds of the applicable Series then Outstanding. No such modification or amendment may (a) extend the maturity of or reduce the amount of principal or change the method of computing the rate of interest or extend the time of payment of the interest on any Bond, without the written consent of the Owner of such Bond, (b) reduce the percentage of District Bonds of any Series required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The District Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bondowners, to the extent permitted by law, but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the District contained in the District Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the District Bonds of any Series (or any portion thereof), or to surrender any right or power reserved to or conferred upon the District;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the District Indenture, or in any respect whatsoever, as the District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the District Bondowners;

(c) to modify, amend or supplement the District Indenture in such manner as to permit the qualification of the District Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(d) to modify, amend or supplement the District Indenture in such manner as to cause interest on the District Bonds to remain excludable from gross income under the Tax Code; or

(e) to facilitate the issuance of Parity Bonds by the District.

Events of Default

Events of Default Defined. The following events constitute events of default under the District Indenture:

(a) Default in the due and punctual payment of the principal of any District Bonds of any Series when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption by acceleration (the District Bonds are not subject to acceleration), or otherwise;

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

(c) Default by the District in the observance of any of the other covenants, agreements or conditions on its part in the District Indenture or in the District Bonds contained, if such default has continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the District by the Trustee; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such sixty (60) day period, such default shall not constitute an event of default under the District Indenture if the District commences to cure such default within such sixty (60) day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

Remedies. The District Trustee is irrevocably appointed (and the successive respective Owners of the District Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the District Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the District Bonds, the District Indenture and applicable provisions of any law. Upon the occurrence and continuance of an occasion giving rise to a right in the District Trustee to represent the District Bondowners, the District Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the District Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect and enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceeding as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the District Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the District Trustee or in such Owners under the District Bonds, the District Indenture or any other law and upon instituting such proceeding, the District Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Special Taxes and other assets pledged under the District Indenture, pending such proceedings. All rights of action under the District Indenture or the District Bonds or otherwise may be prosecuted and enforced by the District Trustee without the possession of any of the District Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the District Trustee shall be brought in the name of the District Trustee for the benefit and protection of all the Owners of such District Bonds, subject to the provisions of the District Indenture.

Limitation on Bondowners' Right to Sue. No Owner of any District Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under the District Indenture, unless (a) such Owner has previously given to the District Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the District Bonds of the applicable Series then Outstanding have requested the Trustee in writing to exercise its powers under the District Indenture; (c) said Owners have tendered to the District Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the District Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request has been received by the District Trustee and said tender of indemnity is made to

the District Trustee; and (e) no direction inconsistent with such written request has been given to the District Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the District Bonds of the applicable Series then Outstanding.

Remedies of Bondowners. The District Bonds do not contain a provision allowing for the acceleration of the District Bonds in the event of a payment default or other default under the terms of the District Bonds or the District Indenture.

Duties, Immunities and Liabilities of District Trustee; Merger or Consolidation; Liability of District Trustee

The duties, immunities and liabilities of the District Trustee with respect to each Series of the District Bonds are substantially the same as those which apply to the Trustee with respect to the Bonds. In addition, the requirements relating to merger or consolidation of the District Trustee and the authority of the District to replace the District Trustee and the liabilities of the District Trustee are substantially the same as those which apply to the Trustee. For a description of these rights as they apply to the Trustee, see "THE LEGAL DOCUMENTS - The Indenture - The Trustee."

Discharge of the District Indenture

The District may pay and discharge the indebtedness on any or all of the Outstanding District Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on the District Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the District Trustee, in trust, at or before maturity, cash and/or non-callable federal securities which, together with the investment earnings to be received thereon, have been verified by an independent accountant to be sufficient to pay or redeem such District Bonds when and as the same become due and payable; or

(c) by delivering such District Bonds to the District Trustee, for cancellation.

Upon such payment, and notwithstanding that any District Bonds have not been surrendered for payment, the pledge of the Special Taxes of the applicable Improvement Area and other assets and other funds provided for in the District Indenture with respect to such District Bonds, and all other obligations of the District under the District Indenture with respect to such District Bonds, shall cease and terminate, except only the obligation of the District to pay or cause to be paid to the Owners of such District Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the District Trustee, which are not required for said purposes, shall be paid over to the District.

FINANCIAL INFORMATION

Authority Accounting Records and Financial Statements

The Authority. The Authority, as required by the California Government Code, conducts an annual audit. The minimum requirements of the audit are required to be those prescribed by the State Controller for special districts and are required to conform to generally accepted auditing standards.

The Indenture requires the Trustee to keep, or cause to be kept, proper books prepared in accordance with industry standards, with complete and accurate entries of all transactions relating to the proceeds of the Bonds, the Revenues and all funds and accounts established with the Trustee pursuant to the Indenture.

The District. The financial transactions of the District are included in the City's annual audit pursuant to the requirements prescribed by the State Controller for special districts.

Pursuant to the District Indenture, the District Trustee is required to keep proper books of record and accounts in which complete and correct entries are required to be made of all transactions relating to the proceeds of the Bonds, the Special Taxes received by the Trustee, all funds and accounts established pursuant to the District Indenture, including the Construction Fund, the Costs of Issuance Fund, the Administrative Expense Fund and the Bond Fund. The District is required to keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Special Tax Fund.

Budgetary Process and Administration

The Authority. The Indenture delineates a system that requires the Authority to actively manage Bonds issued under the Indenture as part of the Authority's overall program for financing public capital improvements.

It is expected that the Authority will incur expenses for Trustee Fees, the annual audit, calculation of arbitrage rebate and preparation of Cash Flow Certificates. The amount retained in the Expense Fund cannot exceed the amount provided for in the then applicable Cash Flow Certificate.

The Authority is required to instruct the Trustee regarding the disposition of moneys deposited in the Residual Account in accordance with the Indenture. Each such instruction is required to be accompanied by a Cash Flow Certificate prepared by an Independent Financial Consultant.

The District. The District is required each Fiscal Year to determine the amount of Special Taxes needed to pay debt service on each series of District Bonds issued by the District and Administrative Expenses of the District. The District is expected to incur Administrative Expenses for the levy and collection of the Special Taxes, foreclosure proceedings, District Trustee fees and arbitrage rebate calculations.

The District is required to communicate with the County Auditor 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 Fiscal Year. The District is required by resolution to provide for the levy of the Special Taxes within the District in the current Fiscal Year. A certified list of all parcels subject to the Special Tax, including the amount of the Special Tax to be levied on each such parcel, is filed by the District with the County Auditor on or before the tenth (10th) day of August of that tax year. The Special Taxes so levied may not exceed the authorized amounts as provided in the Rate and Method of Special Tax Apportionment relating to the applicable Improvement Area (see "**Rate and Method of Special Tax Apportionment**" below).

The Special Taxes are payable and are 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.

Special Taxes are due in two equal installments. Special Taxes levied become delinquent on the following December 10th and April 10th. Currently a 10% penalty is added to delinquent taxes.

When received, the Special Taxes from each Improvement Area are required to be deposited in a separate Special Tax Fund for the District to be held by the City and transferred by the City to the District Trustee as provided in the District Indenture for the District.

As of the delivery date of the Bonds, the District has retained General Government Management Services to assist in the preparation of the Special Tax roll and the determination of the amount of Special Taxes required in each Fiscal Year.

Rate and Method of Special Tax Apportionment

The City levies the Special Taxes in accordance with the Rate and Method of Special Tax Apportionment for each Improvement Area (see “**APPENDIX E - RATE AND METHOD OF SPECIAL TAX APPORTIONMENT**” herein). Because the Special Taxes have been authorized by a two-thirds (2/3) vote of the qualified electorate of each Improvement Area within the District, the Special Taxes are a special tax imposed within the limitations of Section 4 of Article XIII A of the State Constitution. The City Council, as the legislative body of the District, has the power and is obligated, pursuant to the covenants contained in the Authorizing Documents, to cause the levy and collection of the Special Taxes annually.

The Rate and Method of Special Tax Apportionment may be modified pursuant to the provisions of the Mello-Roos Act provided that the District determines that such modification will not impair the timely payment of the District Bonds.

The District has covenanted that no modification of the maximum authorized Special Tax for an Improvement Area shall be approved which would prohibit the District from levying the Special Tax in any Fiscal Year at such a rate as could generate Maximum Special Tax Revenues in each Fiscal Year at least equal to 110% of annual debt service in such Fiscal Year for the series of bonds relating to such Improvement Area.

TABLE NO. 7
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
PROJECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 3

Fiscal Year	Assigned Residential		School Site		Undeveloped Non Residential		Total Special Tax Generation		All Issues Debt Service		Admin Expense		Total Special Tax Requirement		Coverage Funds Percent	
	Rate	DU	Rate	Acres	Rate	Acres	Generation	Generation	Generation	Generation	Expense	Expense	Requirement	Requirement	Funds	Percent
2000	\$ 625	52	\$ 1,787		\$ 4,091	176.00	\$ -	\$ -	\$ 130,483	\$ 130,483	\$ -	\$ -	\$ 130,483	\$ 130,483	\$428,910	233%
2001	638	104	1,823	10.50	4,173	131.57	19,139	752,516	298,606	323,606	25,000	25,000	323,606	323,606	257,151	168%
2002	650	156	1,859	10.50	4,256	114.60	19,522	634,451	352,300	377,300	25,000	25,000	377,300	377,300	249,639	170%
2003	663	208	1,896	10.50	4,341	97.64	19,912	608,742	334,103	359,103	25,000	25,000	359,103	359,103	241,948	171%
2004	677	260	1,934	10.50	4,428	80.67	20,310	581,751	314,803	339,803	25,000	25,000	339,803	339,803	218,519	165%
2005	690	312	1,973	10.50	4,517	63.71	20,716	553,436	309,917	334,917	25,000	25,000	334,917	334,917	182,817	154%
2006	704	364	2,012	10.50	4,607	46.74	21,131	523,757	315,940	340,940	25,000	25,000	340,940	340,940	140,475	140%
2007	718	416	2,053	10.50	4,699	29.77	21,553	492,669	327,194	352,194	25,000	25,000	352,194	352,194	103,323	129%
2008	732	468	2,094	10.50	4,793	12.81	21,984	460,127	331,804	356,804	25,000	25,000	356,804	356,804	69,443	119%
2009	747	508	2,136	10.50	4,889	0.00	22,424	426,088	331,975	356,975	25,000	25,000	356,975	356,975	44,891	113%
2010	762	508	2,178	10.50	4,987	0.00	22,873	401,866	331,236	356,236	25,000	25,000	356,236	356,236	53,668	115%
2011	777	508	2,222	10.50	5,087	0.00	23,330	409,904	331,390	356,390	25,000	25,000	356,390	356,390	61,711	117%
2012	793	508	2,266	10.50	5,188	0.00	23,797	426,464	330,422	355,422	25,000	25,000	355,422	355,422	71,042	120%
2013	809	508	2,312	10.50	5,292	0.00	24,273	434,993	330,643	355,643	25,000	25,000	355,643	355,643	79,350	122%
2014	825	508	2,358	10.50	5,398	0.00	24,758	443,693	330,443	355,443	25,000	25,000	355,443	355,443	88,250	125%
2015	841	508	2,405	10.50	5,506	0.00	25,253	452,566	329,820	354,820	25,000	25,000	354,820	354,820	97,746	128%
2016	858	508	2,453	10.50	5,616	0.00	25,758	461,617	329,530	354,530	25,000	25,000	354,530	354,530	107,087	130%
2017	875	508	2,502	10.50	5,728	0.00	26,273	470,850	329,518	354,518	25,000	25,000	354,518	354,518	116,332	133%
2018	893	508	2,552	10.50	5,843	0.00	26,799	480,267	329,733	354,733	25,000	25,000	354,733	354,733	125,534	135%
2019	911	508	2,603	10.50	5,960	0.00	27,335	489,873	334,367	359,367	25,000	25,000	359,367	359,367	130,506	136%
2020	929	508	2,655	10.50	6,079	0.00	27,882	499,670	338,812	358,812	25,000	25,000	358,812	358,812	145,858	141%
2021	947	508	2,708	10.50	6,201	0.00	28,439	509,663	333,696	358,696	25,000	25,000	358,696	358,696	150,967	142%
2022	966	508	2,763	10.50	6,325	0.00	29,008	519,857	329,034	354,034	25,000	25,000	354,034	354,034	165,823	147%
2023	986	508	2,818	10.50	6,451	0.00	29,588	530,254	331,719	356,719	25,000	25,000	356,719	356,719	173,535	149%
2024	1,005	508	2,874	10.50	6,580	0.00	30,180	540,859	333,813	358,813	25,000	25,000	358,813	358,813	182,046	151%
2025	1,025	508	2,932	10.50	6,712	0.00	30,784	551,676	329,800	354,800	25,000	25,000	354,800	354,800	196,876	155%
2026	1,046	508	2,990	10.50	6,846	0.00	31,399	562,709	330,050	355,050	25,000	25,000	355,050	355,050	207,659	158%
2027	1,067	508	3,050	10.50	6,983	0.00	32,027	573,963	329,194	354,194	25,000	25,000	354,194	354,194	219,769	162%
2028	1,088	508	3,111	10.50	7,123	0.00	32,668	585,443	332,231	357,231	25,000	25,000	357,231	357,231	228,212	164%
2029	1,110	508	3,173	10.50	7,265	0.00	33,321	597,152	333,794	358,794	25,000	25,000	358,794	358,794	238,358	166%
2030	1,132	508	3,236	10.50	7,265	0.00	33,978	609,034	333,881	358,881	25,000	25,000	358,881	358,881	250,153	170%
2031	1,154	508	3,301	10.50	7,265	0.00	34,660	620,892	327,494	352,494	25,000	25,000	352,494	352,494	268,398	176%
Totals							\$811,074	\$16,624,903	\$10,659,390	\$11,459,390	\$800,000	\$800,000	\$11,459,390	\$11,459,390		

Source: General Government Management Services.

TABLE NO. 8
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1

**PROJECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 11**

Fiscal Year	Assigned IA No. 11		Assigned IA No. 11A		Undeveloped		Total		All Issues		Administration		Total		Coverage	
	DU	Generation	DU	Generation	Acctage	Generation	Special Tax	Generation	Debt Service	Expense	Expense	Requirement	Funds	Percent	Funds	Percent
2000	31	\$ 20,894	0	\$ 0	25.82	\$ 153,529	\$ 174,423	\$ 57,391	\$ 57,391	\$ 10,000	\$ 10,000	\$ 67,391	\$107,032	259%	\$107,032	259%
2001	37	25,437	0	0	25.82	156,600	182,037	113,957	113,957	10,000	10,000	123,957	58,080	147%	58,080	147%
2002	37	25,945	12	13,206	22.81	141,122	180,273	123,323	123,323	10,000	10,000	133,323	46,950	135%	46,950	135%
2003	37	26,464	24	26,941	19.80	124,963	178,368	122,815	122,815	10,000	10,000	132,815	45,553	134%	45,553	134%
2004	37	26,994	36	41,220	16.80	108,101	176,315	123,746	123,746	10,000	10,000	133,746	42,569	132%	42,569	132%
2005	37	27,534	48	56,059	13.79	90,514	174,107	123,786	123,786	10,000	10,000	133,786	40,321	130%	40,321	130%
2006	37	28,084	60	71,475	10.78	72,181	171,740	124,114	124,114	10,000	10,000	134,114	37,626	128%	37,626	128%
2007	37	28,646	72	87,486	7.77	53,078	169,210	124,707	124,707	10,000	10,000	134,707	34,503	126%	34,503	126%
2008	37	29,219	84	104,108	4.76	33,183	166,510	124,805	124,805	10,000	10,000	134,805	31,705	124%	31,705	124%
2009	37	29,803	96	121,360	1.75	12,470	163,633	125,167	125,167	10,000	10,000	135,167	28,466	121%	28,466	121%
2010	37	30,399	103	132,814	0.00	0	163,213	125,767	125,767	10,000	10,000	135,767	27,446	120%	27,446	120%
2011	37	31,007	103	135,470	0.00	0	166,477	125,846	125,846	10,000	10,000	135,846	30,631	123%	30,631	123%
2012	37	31,627	103	138,179	0.00	0	169,806	126,431	126,431	10,000	10,000	136,431	33,375	124%	33,375	124%
2013	37	32,260	103	140,943	0.00	0	173,203	126,469	126,469	10,000	10,000	136,469	36,734	127%	36,734	127%
2014	37	32,905	103	143,762	0.00	0	176,667	127,086	127,086	10,000	10,000	137,086	39,581	129%	39,581	129%
2015	37	33,563	103	146,637	0.00	0	180,200	127,499	127,499	10,000	10,000	137,499	42,701	131%	42,701	131%
2016	37	34,235	103	149,570	0.00	0	183,805	122,705	122,705	10,000	10,000	132,705	51,100	139%	51,100	139%
2017	37	34,919	103	152,561	0.00	0	187,480	123,435	123,435	10,000	10,000	133,435	54,045	141%	54,045	141%
2018	37	35,618	103	155,612	0.00	0	191,230	124,302	124,302	10,000	10,000	134,302	56,928	142%	56,928	142%
2019	37	36,330	103	158,725	0.00	0	195,055	125,278	125,278	10,000	10,000	135,278	59,777	144%	59,777	144%
2020	37	37,057	103	161,899	0.00	0	198,956	125,973	125,973	10,000	10,000	135,973	62,983	146%	62,983	146%
2021	37	37,798	103	165,137	0.00	0	202,935	126,750	126,750	10,000	10,000	136,750	66,185	148%	66,185	148%
2022	37	38,554	103	168,440	0.00	0	206,994	122,581	122,581	10,000	10,000	132,581	74,413	156%	74,413	156%
2023	37	39,325	103	171,809	0.00	0	211,134	124,180	124,180	10,000	10,000	134,180	76,954	157%	76,954	157%
2024	37	40,111	103	175,245	0.00	0	215,356	123,631	123,631	10,000	10,000	133,631	81,725	161%	81,725	161%
2025	37	40,913	103	178,750	0.00	0	219,663	123,838	123,838	10,000	10,000	133,838	85,825	164%	85,825	164%
2026	37	41,732	103	182,325	0.00	0	224,057	123,675	123,675	10,000	10,000	133,675	90,382	168%	90,382	168%
2027	37	42,566	103	185,971	0.00	0	228,537	123,144	123,144	10,000	10,000	133,144	95,393	172%	95,393	172%
2028	37	43,418	103	189,691	0.00	0	233,109	122,244	122,244	10,000	10,000	132,244	100,865	176%	100,865	176%
2029	37	44,286	103	193,484	0.00	0	237,770	125,975	125,975	10,000	10,000	135,975	101,795	175%	101,795	175%
2030	37	45,172	103	197,354	0.00	0	242,526	123,969	123,969	10,000	10,000	133,969	108,557	181%	108,557	181%
2031	37	46,075	103	201,301	0.00	0	247,377	126,594	126,594	10,000	10,000	136,594	110,783	181%	110,783	181%
2032	37	46,997	103	205,327	0.00	0	252,324	123,481	123,481	10,000	10,000	133,481	118,843	189%	118,843	189%
Totals		\$1,145,887		\$4,352,861		\$ 945,741	\$6,444,490	\$4,034,664	\$4,034,664	\$330,000		\$4,364,664				

Source: General Government Management Services.

TABLE NO. 9
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
PROJECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 14

Fiscal Year	Assigned Residential Zone A			Assigned Nonresidential			Assigned Residential Zone B			Undeveloped Property Zone A			Undeveloped Property Zone B		
	Rate	DU/sf	Generation	Rate	Acres	Generation	Rate	DU/sf	Generation	Rate	Acres	Generation	Rate	Acres	Generation
2000	\$ 0.34	-	\$ -	\$ 2,500	-	\$ -	\$ 0.08	-	\$ -	\$ 3,983	-	\$ -	\$ 1,179	-	\$ -
2001	0.34	153,226	52,097	2,500	-	-	0.08	164,724	13,178	3,983	305.32	1,216,090	1,179	227.88	268,671
2002	0.34	345,367	117,425	2,500	-	-	0.08	370,630	29,650	3,983	257.57	1,025,908	1,179	209.68	247,211
2003	0.34	556,964	189,368	2,500	-	-	0.08	597,950	47,836	3,983	228.32	909,389	1,179	186.93	220,387
2004	0.34	788,019	267,927	2,500	10.30	25,750	0.08	845,036	67,603	3,983	196.37	782,155	1,179	161.81	190,773
2005	0.34	1,075,014	365,505	2,500	10.30	25,750	0.08	1,154,718	92,377	3,983	156.70	624,116	1,179	134.51	158,584
2006	0.34	1,410,652	479,622	2,500	10.30	25,750	0.08	1,515,465	121,237	3,983	110.29	439,292	1,179	100.29	118,241
2007	0.34	1,746,290	593,739	2,500	10.30	25,750	0.08	1,876,211	150,097	3,983	63.89	254,468	1,179	60.43	71,245
2008	0.34	2,081,928	707,855	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	17.49	69,644	1,179	20.57	24,249
2009	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2010	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2011	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2012	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2013	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2014	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2015	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2016	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2017	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2018	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2019	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2020	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2021	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2022	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2023	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2024	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2025	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2026	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2027	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2028	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2029	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2030	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2031	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
2032	0.34	2,208,400	750,856	2,500	10.30	25,750	0.08	2,062,350	164,988	3,983	-	-	1,179	-	-
Totals			\$20,794,082			\$746,750			\$4,646,678			\$5,321,062			\$1,299,361

Source: General Government Management Services.

**PROJECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 14
(continued)**

Fiscal Year	Total Special Tax Generation \$	Debt Service \$	Admin Expense \$	Total Special Tax Requirement \$	Coverage Funds \$	Coverage Percent
2000	-	\$ 152,649	-	\$ 152,649	-	-
2001	1,550,036	785,050	25,000	810,050	739,986	191.4%
2002	1,420,194	895,050	25,000	920,050	500,144	154.4%
2003	1,366,980	893,175	25,000	918,175	448,805	148.9%
2004	1,334,208	895,988	25,000	920,988	413,221	144.9%
2005	1,266,332	893,175	25,000	918,175	348,157	137.9%
2006	1,184,142	895,050	25,000	920,050	264,092	128.7%
2007	1,095,299	896,300	25,000	921,300	173,999	118.9%
2008	992,486	896,925	25,000	921,925	70,561	107.7%
2009	941,594	896,925	25,000	921,925	19,669	102.1%
2010	941,594	896,300	25,000	921,300	20,294	102.2%
2011	941,594	895,050	25,000	920,050	21,544	102.3%
2012	941,594	896,275	25,000	921,275	20,319	102.2%
2013	941,594	896,413	25,000	921,413	20,182	102.2%
2014	941,594	895,463	25,000	920,463	21,132	102.3%
2015	941,594	893,425	25,000	918,425	23,169	102.5%
2016	941,594	895,300	25,000	920,300	21,294	102.3%
2017	941,594	895,725	25,000	920,725	20,869	102.3%
2018	941,594	894,700	25,000	919,700	21,894	102.4%
2019	941,594	892,225	25,000	917,225	24,369	102.7%
2020	941,594	893,300	25,000	918,300	23,294	102.5%
2021	941,594	892,563	25,000	917,563	24,032	102.6%
2022	941,594	894,538	25,000	919,538	22,057	102.4%
2023	941,594	894,300	25,000	919,300	22,294	102.4%
2024	941,594	891,850	25,000	916,850	24,744	102.7%
2025	941,594	892,188	25,000	917,188	24,407	102.7%
2026	941,594	894,944	25,000	919,944	21,650	102.4%
2027	941,594	894,750	25,000	919,750	21,844	102.4%
2028	941,594	891,606	25,000	916,606	24,988	102.7%
2029	941,594	895,513	25,000	920,513	21,082	102.3%
2030	941,594	890,731	25,000	915,731	25,863	102.8%
2031	941,594	892,631	25,000	917,631	23,963	102.6%
2032	941,594	880,475	25,000	905,475	36,119	104.0%
Totals	\$32,807,933	\$28,650,549	\$800,000	\$29,450,549		

Source: General Government Management Services.

Delinquencies and Foreclosure Actions

The delinquencies for single family residential are shown below.

**TABLE NO. 10
CITY OF BEAUMONT
SPECIAL TAX DELINQUENCIES
FISCAL YEAR 1999/00**

Improvement Area No.	Number of Parcels	Total Special Taxes	Special Tax Amount Paid 1st Installment	Special Tax Amount Unpaid	Special Tax Amount Delinquent	Percent of Special Taxes Delinquent
1	9	\$ 137,294.78	\$ 68,647.39	\$ 68,647.39	\$ -	0.00%
2	1	13,564.68	6,782.34	6,782.34	-	0.00%
3	13	107,142.42	53,571.21	53,571.21	-	0.00%
4	2	236,667.66	118,333.83	118,333.83	-	0.00%
5	12	242,432.14	121,216.07	121,216.07	-	0.00%
6A	3	68,927.30	34,463.65	34,463.65	-	0.00%
6B	4	19,931.42	9,965.71	9,965.71	-	0.00%
9 *	2	25,744.58	-	25,744.58	12,872.29	50.00%
10	1	49,118.84	49,118.84	-	-	0.00%
11	22	52,125.54	25,708.70	26,416.84	354.07	0.68%
12 *	1	15,694.56	-	15,694.56	7,847.28	50.00%
Total	70	\$ 968,643.92	\$ 487,807.74	\$ 480,836.18	\$ 21,073.64	2.18%

Source: County of Riverside Fixed Charge Paid List/Fixed Charge Unpaid List dated January 28, 2000.

* Note: County of Riverside verbal confirmation of full payment (no delinquency) on May 12, 2000. Only one delinquency in the amount of \$354.07 exists to date, a 0.04% district-wide delinquency rate.

The District has covenanted to initiate foreclosure action in the Superior Court against parcels with delinquent Special Taxes as provided in the District Indenture.

Foreclosure proceedings are directed by the District through a notification to foreclosure counsel as to the delinquent assessor parcel numbers for which foreclosure proceedings are to be initiated. The District first removes the delinquent Special Taxes from the County Tax Roll, as required by law. Foreclosure counsel then initiates a request for a title search to identify the current legal owner of a delinquent parcel. Foreclosure counsel also sends a written demand for payment to the owner shown on the Tax Roll, followed by the filing of a complaint with the Superior Court in Riverside County and recording a *lis pendens* against the property at the office of the County Recorder.

Each legal owner and all holders of any other interest in the land must file an answer to the complaint within 30 days following the completion of service of process on them. If no answer is filed with such 30 day period, foreclosure counsel files a request that a default judgment be entered by the Court. If any party files an answer, then the case must be litigated, and foreclosure counsel will typically file a motion for summary judgment.

Following the entry of a judgment, whether by default or otherwise, against all defendants, foreclosure counsel requests a writ of sale from the Court for delivery to the Sheriff. The writ of sale is delivered to the Sheriff with instructions to execute on the delinquent parcel. Levy by the Sheriff consists of posting notice on the delinquent property, followed by mailing of notice to the last known address of the legal owner and publication of the notice of levy.

Thereafter, the delinquent property owner is entitled to a redemption period of 120 days. Following such 120 day period, foreclosure proceedings can continue following the publication and mailing of a notice of sale of the delinquent parcel or parcels, which sale must be at least 20 days following such notice. The foreclosure process described above typically takes at least six months from the date on which a judgment is entered and can take substantially longer.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture, the District Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Indenture is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

McFarlin & Anderson, Lake Forest, California, as Bond Counsel, will render an opinion which states that the Indenture and the Bonds are valid and binding contracts of the Authority and are enforceable in accordance with their terms. McFarlin & Anderson will render an opinion which states that the District Indenture and the District Bonds are valid and binding contracts of the District and are enforceable in accordance with their terms. The legal opinions of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

The Authority has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Authority, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Authority and the District by Aklufi & Wysocki, Riverside, California, as Authority Counsel. In addition, certain legal matters will be passed on by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel.

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Tax Exemption

In the opinion of McFarlin & Anderson, Lake Forest, California ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants and agreements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, Bond Counsel observes that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX H" hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the District have covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result

in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Owners of the Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Should interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such event and will remain Outstanding until maturity or until otherwise redeemed in accordance with the Indenture.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under Treasury Regulations, the amount of tax exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstance.

Certain requirements and procedures contained or referred to in the Indenture, the tax certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than McFarlin & Anderson.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bond or such owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Absence of Litigation

The Authority will furnish a certificate dated as of the date of delivery of the Bonds that there is not now known to be pending or threatened any litigation restraining or enjoining the execution or delivery of the Indenture, the District Indenture or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Indenture and the District Indenture are to be executed or delivered or the Bonds and the District Bonds are to be delivered or affecting the validity thereof.

CONCLUDING INFORMATION

No Rating on the Bonds

The Authority has not made, and does not contemplate making, any application for a rating on the Bonds. No such rating should be assumed based upon any other Authority rating that may be obtained. Prospective purchasers of the Bonds are required to make independent determinations as to the credit quality of the Bonds and their appropriateness as an investment. Should a Bondowner elect to sell a Bond prior to maturity, no representations or assurances can be made that a market will have been established or maintained for the purchase and sale of the Bonds. The Underwriter assumes no obligation to establish or maintain such a market and is not obligated to repurchase any of the Bonds at the request of the owner thereof.

Underwriting

O'Connor & Company Securities, Newport Beach, California (the "Underwriter") is offering the Bonds at the prices set forth on the cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter has purchased the Bonds at a price equal to 95.781% (\$14,103,805.60) of the aggregate principal amount of the Bonds, which amount represents the principal amount of the Bonds, less the Underwriter's discount of \$294,500.00 and an Original Issue Discount of \$326,694.40. The Underwriter will pay certain of its expenses relating to the offering.

Experts

The Market Absorption Study prepared by Empire Economics, Capistrano Beach, California, and the Appraisal prepared by Len Purdue, A.S.A., Real Estate Appraiser, Riverside, California, as well as the Tax Spread projections prepared by General Government Management Services, Rancho Mirage, California, have been included in this Official Statement in reliance on and upon the authority of said firms as experts in the matters covered therein.

The Financing Consultant

The material contained in this Official Statement was prepared by Rod Gunn Associates, Inc., Seal Beach, California, an independent financial consulting firm, who advised the Authority as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by Rod Gunn Associates, Inc. from sources which are believed to be reliable, but such information is not guaranteed by Rod Gunn Associates, Inc. as to accuracy or completeness, nor has it been independently verified. Fees paid to Rod Gunn Associates, Inc. are contingent upon the sale and delivery of the Bonds.

Special Tax Consultant and Project Engineer

The City Manager, as the principal of General Government Management Services, is serving as the City's Special Tax Consultant with respect to Improvement Area Nos. 3, 11 and 14. The Special Tax Consultant, among other things, will be responsible for preparing a cash flow certificate showing that sufficient Special Taxes will be available to pay debt service on all District Bonds. Fees paid to the Special Tax Consultant are contingent upon the sale and delivery of the Bonds.

The City's Director of Economic Development, as a principal of Urban Logic Consultants, Inc., is serving as the City's Project Engineer with respect to the District. The Project Engineer will be responsible, among other things, for engineering estimates with respect to the Project. The fees paid to the Project Engineer are contingent upon the sale and delivery of the Bonds.

Additional Information

The summaries and references contained herein with respect to the Indenture, the District Indenture, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Indenture. Definitions of certain terms used herein are set forth in "APPENDIX A". Copies of the Indenture and the District Indenture are available for inspection during the period of initial offering on the Bonds at the offices of the Financing Consultant, Rod Gunn Associates, Inc., 3010 Old Ranch Parkway, Suite 330, Seal Beach, California 90740, telephone (562) 598-7677 or the Underwriter, O'Connor & Company Securities, 3 Civic Plaza, Suite 100, Newport Beach, California 92660, telephone (949) 717-2000. Copies of these documents may be obtained after delivery of the Bonds from the Authority through the City Manager, City of Beaumont, 550 E. 6th Street, Beaumont, California 92223.

References

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

Execution

The execution of this Official Statement by the Executive Director has been duly authorized by the Beaumont Financing Authority.

BEAUMONT FINANCING AUTHORITY

By: /s/ Alan C. Kapanicas
Executive Director

APPENDIX A

DEFINITIONS OF CERTAIN TERMS USED IN THE INDENTURE AND THE DISTRICT INDENTURE

Unless otherwise defined in this Official Statement, the following terms have the following meanings.

“Act” means “Mello-Roos” Community Facilities Act of 1982, commencing with Section 53311 of the Government Code of the State of California.

“Administrative Expense Fund” means the fund by that name created and established pursuant to the Indenture.

“Administrative Expenses” means the ordinary and necessary fees and expenses for creation of the District, issuance of the District Bonds, determination of the Special Tax and administering the levy and collection of the Special Tax and servicing the District Bonds, including any or all of the following: the fees and expenses of the Trustee (including any fees or expenses of its counsel), the expenses of the District in carrying out its duties hereunder (including, but not limited to, annual audits, special tax consultants and attorneys and costs incurred in the levying and collection of the Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of staff to the District directly related thereto and a proportionate amount of general administrative overhead related thereto and all other costs and expenses of the District or the Trustee incurred in connection with the discharge of their respective duties hereunder and, in the case of the District, in any way related to the administration of the District.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest payable on the Outstanding Bonds in such Bond Year, and (ii) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, whether at maturity or pursuant to sinking fund redemption.

“Apportionment” means with respect to each Improvement Area the apportionment of tax revenues by the Auditor-Controller of the County of Riverside for such Improvement Area.

“Authorized Representative” means: (a) with respect to the Authority, its Chairperson, Vice Chairperson, Executive Director, Treasurer, Secretary or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairperson and filed with the Trustee; and (b) with respect to the District, the Mayor, City Manager, City Clerk, Treasurer, Finance Director or any other person designated as an Authorized Representative of the District by a Written Certificate of the District signed by the Mayor or City Manager and filed with the Trustee.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means (a) McFarlin & Anderson, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title I of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall commence on the Closing Date and end on September 1, 2000.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the State of California or in the State of New York, or in the city in which the Trustee Office is located.

“Cash Flow Certificate” means a certificate or other document of an Independent Accountant or an Independent Financial Consultant showing as of any particular date:

(1) For the current and each future Bond Year the amount of scheduled or estimated amount of Revenues to be received in each such Bond Year and the Annual Debt Service for each such Bond Year with respect to all of a Series of the Bonds then Outstanding;

(2) In each such Bond Year, the difference between (i) the Annual Debt Service referred to in (1) above, and (ii) the Revenues referred to in (1) above;

(3) That such scheduled and estimated Revenues and any other revenues, investment income or funds reasonably estimated by such Independent Accountant or Independent Financial Consultant, as applicable, to be available for the payment of such Annual Debt Service referred to in (1) above are in each such Bond Year in excess of such Annual Debt Service for each such Bond Year; and,

(4) If applicable, a schedule of Permitted Investments purchased or to be purchased by or on behalf of the Authority for investment of moneys to be deposited in the Reserve Fund.

“City Clerk” means the City Clerk of the City, acting on behalf of the District.

“Closing Date” means the date of delivery of the Bonds to the Original Purchaser.

“Completion of the Project” means certification by the District to the District Trustee that (i) all Project Costs have been paid and (ii) the filing and recordation of a notice of completion by the District with respect to the facilities.

“Construction Fund” means the fund by that name established pursuant to the District Indenture.

“Debt Service” means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of Outstanding Bonds scheduled to mature or to be redeemed by operation of mandatory sinking account deposits in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer outstanding.

“District Bond Fund” means the fund by that name established and held by the District Trustee pursuant to the District Indenture.

“District Bonds” means City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2000 Series A for each Improvement Area.

“District Indenture” means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“District Special Tax Fund” means the fund by that name created and established pursuant to the District Indenture.

“District Trustee” means BNY Western Trust Company, a banking corporation organized and existing under the laws of the State of California, or its successor, as Trustee.

“Federal Securities” means any direct general obligation of the United States of America (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 obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by the United States of America and direct obligations of any department, agency or instrumentality of the United States of America the timely payment of principal and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in any one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority, or the District, or the City, as applicable, as its official fiscal year period.

“Gross Taxes” means, with respect to each Series of District Bonds and the related Improvement Area, the amount of all Special Taxes for such Improvement Area and proceeds from the sale of the property collected pursuant to the foreclosure provisions of the District Indenture for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes for such Improvement Area taken in lieu of foreclosure.

“Improvement Area” means such Improvement Area of the District, heretofore or hereafter existing.

“Independent Financial Consultant” means either the Original Purchaser or any financial consultant or firm of such financial consultants appointed by the Authority and who, or each of whom: (a) is judged by the Authority to have experience with respect to the financing of public capital improvements projects, (b) is in fact independent and not under the domination of the Authority, the City or the District, (c) does not have any substantial interest, direct or indirect, with the Authority, the City or the District, and (d) is not connected with the Authority, the City or the District as an officer or employee of the Authority, the City or the District, but who may be regularly retained to make reports to the Authority, the City or the District.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broad Street, 16th Floor, New York, New York 10006; Moody’s Investors Service “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor’s Corporation “Called Bond Record,” 25 Broadway, 16th Floor, New York, New York 10004 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Interest Account” means the account by that name in the Bond Fund established pursuant to the Indenture.

“Interest Payment Date” means March 1 and September 1, commencing September 1, 2000.

“Joint Financing Agreement” means the Joint Financing and Construction Agreement among the District and public agency, including but not limited to, the Beaumont-Cherry Valley Water District, the San Geronio Pass Water Agency, and the Memorandum of Understanding between the District and the California Department of Transportation, as the case may be.

“Maximum Annual Debt Service” with respect to the Bonds, means as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year, and with respect to any

Series of District Bonds means, as of the date of any calculation, the largest Annual Debt Service on the applicable Series of District Bonds during the current or any future Bond Year.

“Maximum Special Tax” shall have the meaning given to such term in the Rate and Method of Special Tax Apportionment for the applicable Improvement Area approved by the City Council as the legislative body of the District, as it may be amended by the qualified electors of the applicable Improvement Area.

“Minimum Rating” means a rating of Baa or better by Moody’s or BBB or better by S&P, without regard to plus (+) or minus (-) designations. In the event the rating system of Moody’s or S&P with respect to any particular Permitted Investment does not include any such rating categories, the Minimum Rating with respect to Permitted Investment shall mean one of the two highest general rating categories applicable to such Permitted Investment (determined without regard to any refinement or gradation of such rating category by a numerical modifier, a plus or minus sign, or otherwise) assigned by Moody’s or S&P, as applicable.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Net Taxes” means, with respect to an Improvement Area, the amount of all Gross Taxes of such Improvement Area minus Administrative Expenses relating to said Improvement Area.

“Ordinance” means Ordinance No . 721 and subsequent ordinances adopted by the legislative body of the District providing for the levying of the Special Tax in each Improvement Area.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liabilities of the Authority shall have been discharged in accordance with the Indenture, including Bonds (or portions thereof) defeased as described in the Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” or **“Bondowner”**, whenever used with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

“Parity District Bonds” means, with respect to any Improvement Area, all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the net Taxes of such Improvement Area and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the District Bonds relating to the same Improvement Area.

“Permitted Investments” means:

- (a) Federal Securities;
- (b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farmers Home Administration; (iii) General Services Administration; (iv) U.S. Maritime Administration; (v) Small Business Administration; (vi) Government National Mortgage Association (“GNMA”); (vii) U.S. Department of Housing and Urban Development or (viii) Federal Housing Administration; (ix) Student Loan Marketing Association; (x) Federal Financing Bank; and (xi) Federal Farm Credit Bank;
- (c) bonds, debentures, notes or other evidences of indebtedness issued or fully unconditionally guaranteed by and of the following United States Government non-full faith and credit agencies: Federal Home Loan Bank and Federal Land Bank;

(d) bonds, notes or other evidences of indebtedness rated "Aaa" by Moody's or "AAA" by S&P and issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(e) U.S. dollar denomination deposit accounts, federal funds and bankers acceptances and certificates of deposit (whether negotiable or non-negotiable) with domestic commercial banks; provided that either: (a) the obligations of such bank are rated in one of the three highest rating categories (without regard to plus (+) or minus (-) designations) by Moody's or S&P (the ratings of the holding company of a bank are not considered the rating of such bank); or (b) such deposits are fully insured by the Federal Deposit Insurance Corporation, provided, however that the portion of any certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any, shall be secured at all times in the manner provided by law by collateral security having a market value not less than the amount of such excess, consisting of securities described in paragraphs (a) through (d):

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

(g) investments in a money market fund registered with the Securities and Exchange Commission rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's or S&P;

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

(i) tax-exempt obligations rated in either of the two highest rating categories (without regard to plus (+) or minus (-) designations) by Moody's or S&P, including money market funds comprised solely of such obligations;

(j) Investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate debt representing the unconditional obligations of an investment provider rated AA or above by Moody's or S&P, provided that the investment agreement shall provide that if during its term (a) the provider's rating by either S&P or Moody's falls below AA-/AA3, respectively, the provider must, at the direction of the Authority or the Trustee within 10 days of receipt of such direction collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to a third party custodian (i) collateral which is at one hundred two percent (102%), computed weekly, consisting of such securities as described in clauses (a) through (d); (ii) the Trustee shall have perfected at first priority security interest in such obligations; and (iii) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral; and (b) the provider's rating by either S&P or Moody's is withdrawn, suspended, or falls below A-/A3, respectively, the provider must within 5 Business Days

repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or the Trustee.

(k) Program Fund Investment Agreements and Reserve Fund Investment Agreements as shall be specified in an applicable Supplemental Indenture;

(l) 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), provided that : (a) the over-collateralization is at one hundred two percent (102 %), computed weekly, consisting of the securities described in paragraphs (a) through (d) of the definition of Permitted Investments; (b) a third party custodian, the Trustee or the Federal Reserve Bank shall have possession of such obligations; (c) the Trustee shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral; and

(m) Local Obligations purchase in accordance with the Indenture.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the account by that name in the Bond Fund established pursuant to the Indenture.

"Proceeds" when used with respect to the Bonds, means the face amount of a Series of the Bonds, plus accrued interest and original issue premium, if any, less original issue discount, if any.

"Program Expenses" means all costs and expenses of the Authority incurred in connection with the issuance and administration of the Bonds, including but not limited to (a) all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to capitalized interest on the Bonds, underwriter's discount, printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds, (b) the fees and expenses payable to the Trustee, the Authority and their respective counsel, and other Persons for professional services rendered in connection with the administration of the Bonds, (c) fees and expenses of Independent Accountants for preparation of annual audits required by the Indenture and (d) financial losses determined by the Authority to have been sustained for any reason whatsoever as a result of the liquidation of any Permitted Investment.

"Project" means the construction, acquisition and equipping of certain real and other tangible property with an estimated useful life of five years or longer, which is to be acquired or constructed within and without the District, including certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities, as more particularly described in the approving Resolution of the District with respect to each Improvement Area.

"Project Costs" means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds to pay the annual costs associated with the Bonds, including, but not limited to, District Trustee and other fees and to pay any "incidental expenses" of the District, as such term is defined in the Act, including, until such time as Special Taxes are levied and proceeds of the Special Tax are available therefor, Administrative Expenses.

“Qualified Bank” means a state or national bank or trust company or savings and loan association or a foreign bank with a domestic branch or agency which is organized and in good standing under the laws of the United States or any state thereof or any foreign country, which has a capital and surplus of \$50,000,000 or more and which has a short term debt rating of the highest ranking or of the highest letter and numerical rating as provided by Moody’s Investors Service or Standard & Poor’s Ratings Group.

“Qualified Reserve Fund Credit Instrument” means a policy of insurance or surety bond issued by an insurance company, obligations insured by which have a rating by Moody’s Investors Service and Standard & Poor’s Ratings Group of “A” or better (without regard to plus (+) or minus (-) designations), or an irrevocable letter of credit, line of credit or similar arrangement issued by a Qualified Bank, to satisfy all or a portion of the Reserve Requirement.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a business day.

“Redemption Account” means the applicable account by that name in the Bond Fund established pursuant to the Indenture.

“Registration Books” means the record maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the Fund by that name established pursuant to the Indenture.

“Reserve Requirement” means with respect to the Bonds, the lesser of (i) \$1,280,925.00 or (ii) maximum annual debt service on the outstanding Bonds.

“Revenues” means, with respect to a Series of the Bonds: (a) all amounts derived from or with respect to an issue of Local Obligations acquired or, if used with reference to a Cash-Flow Certificate, to be acquired with the proceeds of such Series of the Bonds, other than amounts in payment of Program Expenses or indemnity against claims payable to the Authority and the Trustee; (b) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture providing for the issuance of such Series of the Bonds; and (c) any other investment income received under the Indenture providing for the issuance of such Series of the Bonds.

“S&P” means Standard & Poor’s Corporation, its successors and assigns.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax - (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax - (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax - (215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in an Certificate of the Authority delivered to the Trustee.

“Series of the Bonds” means the Bonds and any other series of bonds issued pursuant to a Supplemental Indenture.

“Special Tax” or “Special Taxes” means, with respect to each Improvement Area, the special taxes authorized to be levied by the District in such Improvement Area in accordance with the Act.

“State” means the State of California.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture.

“Tax Code” means the Internal Revenue Code of 1986, as amended.

“Tax Regulations” means temporary and permanent regulations promulgating under or with respect to Sections 103 and 141 through 150, inclusive, of the Tax Code.

“Trust Office” means the corporate trust office of the Trustee at 700 S. Flower Street, Suite 500, Los Angeles, California 90017-4104 or at such other or additional offices as may be specified in writing to the Authority and the City.

“Written Certificate”, “Written Request” and “Written Requisition” of the Authority, the District or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such certificate, request or instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

APPENDIX B

THE CITY OF BEAUMONT INFORMATION STATEMENT

The following information concerning the City of Beaumont is presented as general background data. The Bonds are payable solely from Special Tax Revenues as described in the Official Statement. The Bonds are not an obligation of the City, and the taxing power of the City is not pledged to the payment of the Bonds.

General Information

The City of Beaumont is a general law city governed by a five elected member City Council who are elected to four-year alternating terms. The City Council appoints the Mayor as well as the City Manager. The City Manager is responsible for the day-to-day administration of City business, the coordination of all departments of the City, and carrying out the policies established by the City Council.

The City is located approximately 77 miles east of downtown Los Angeles, near the juncture of the San Bernardino Freeway (Interstate Highway 10), and the Pomona Freeway (State Highway 60). It encompasses approximately 10 square miles. It is located at the crown of the San Gorgonio Pass between Mt. San Gorgonio and Mt. San Jacinto, in the north central area of Riverside County. The City is bordered on the east by the City of Banning, on the west by the City of Moreno Valley, on the south by the City of San Jacinto, and on the north by the unincorporated Cherry Valley.

City Services

Public Safety and Welfare. Beaumont provides police protection, and is under contract with the County of Riverside Fire Department for its fire protection. The City Police Department has 17 full-time sworn personnel, who in addition to criminal investigations, provide patrol services, traffic and DUI and narcotics enforcement.

Public Services. The City provides both waste water treatment service to its residents as well as a local mini bus system.

Community Services. Other services provided by the City include building permit and inspection, public infrastructure maintenance, and graffiti abatement.

Culture and Recreation. Located within the City are two parks that encompass twenty-two acres, one community center, and one library with nearly 60,000 volumes, periodicals, records, and specialized collections, and one municipal swimming pool.

Education. Located within the City are four elementary schools, one junior high school, and one high school. Nearby colleges include: Mt. San Jacinto Community College, Crafton Hills College, University of Redlands and Johnston College, and the University of California, Riverside.

Transportation. The City is located near several major freeways. These include the San Bernardino Freeway (Interstate 10), and the Pomona Freeway (State Highway 60). Both the San Bernardino Freeway and the Pomona Freeway provide easy access directly to Los Angeles, and via other freeways, to most destination points throughout Southern California. In addition the San Bernardino Freeway extends north to San Bernardino County and east to Palm Springs.

Air cargo and passenger flight services are provided at the Ontario International Airport, 35 miles west, and passenger service is provided at the Palm Springs Municipal Airport, 32 miles east.

Rail freight service is available from Southern Pacific Railroad and freight service is available from daily carriers to Los Angeles.

Bus service is provided by the Riverside Transportation Authority. The City also has bus terminals that service both Greyhound and Trailways.

Financial Information

Budget Process. In accordance with State law, the City is required to adopt on or before June 30, of each year, a fiscal line-item budget such that appropriations during the fiscal year will not exceed the total means of financing. The finance director is responsible for controlling expenditures within budgeted appropriations.

The City Manager is authorized to transfer budgeted amounts within departments. All budgetary changes that alter the total expenditures of any department require City Council approval.

Constitutional Limitations on Taxes and Appropriations

Article XIII A. Article XIII A of the California Constitution limits the taxing power of California public agencies. Article XIII A provides that the maximum ad valorem tax on real property cannot exceed one percent of the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes above that level required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County Assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed two percent or a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters before July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of votes cast by the voters voting on the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership", for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of real property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residences assessed value to the new residence.

Article XIII B. On November 6, 1979, California voters approved Proposition 4, or the Gann Initiative which added Article XIII B to the California Constitution. The principal thrust of Article XIII B is to limit the annual appropriations of the State and any city, county, city and county, school district, authority or other political subdivision of the State. The "base year" for establishing such appropriations limit is the 1978/79 Fiscal Year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by or for the entity and the proceeds of certain State subventions, refunds of taxes, benefit payments from retirement,

unemployment insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues, certain State subventions, and the proceeds to an entity of government, from (1) regulatory licenses, user charges and user fees, to the extent that such charges and fees exceed the costs reasonably borne in providing the regulation, product or service, and (2) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

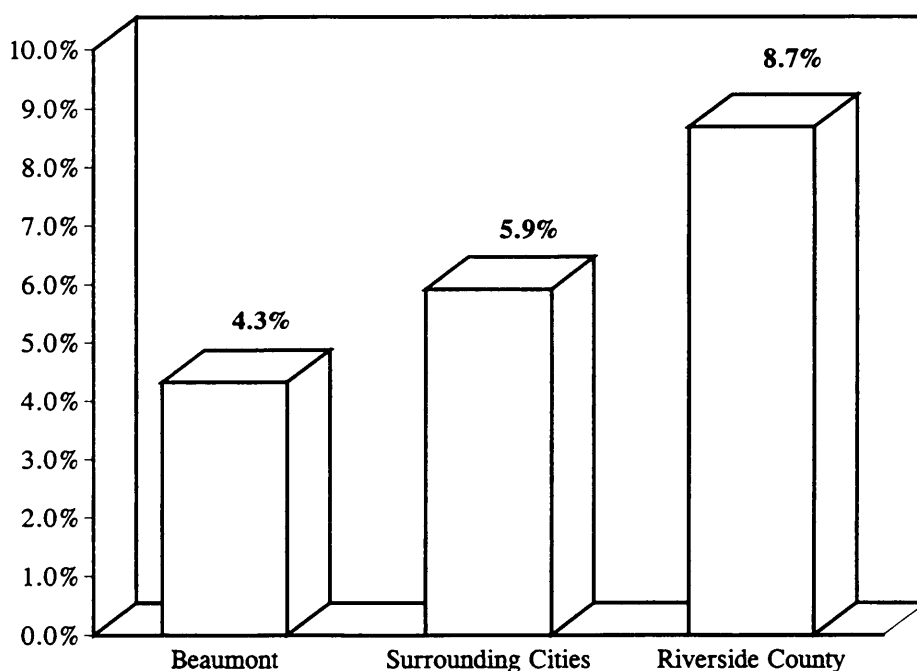
In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIII B. First, the term "change in the cost of living" was refined as the change in the California per capita personal income ("CPCPI") for the preceding year. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986/87 limit by the CPCPI for the three subsequent years. Third and lastly, Proposition 111 excluded appropriations for "qualified capital outlay for fiscal year 1990/91 as defined by the legislature" from proceeds of taxes.

Future Initiatives. Both Article XIII A and XIII B were adopted as measures that qualified for the ballot pursuant to California's Constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and to increase appropriations.

Population

The following charts provide a comparison of population growth for Beaumont, surrounding cities and Riverside County between 1995 and 1999.

TABLE B-1
CHANGE IN POPULATION
BEAUMONT, SURROUNDING CITIES AND RIVERSIDE COUNTY
1995 - 1999



Year	BEAUMONT		SURROUNDING CITIES		RIVERSIDE COUNTY	
	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change
1995	10,400		179,050		1,355,600	
1996	10,450	0.5 %	181,150	1.2 %	1,381,800	1.9 %
1997	10,500	0.5 %	183,100	1.1 %	1,400,400	1.3 %
1998	10,650	1.4 %	186,950	2.1 %	1,441,000	2.9 %
1999	10,850	1.9 %	189,650	1.4 %	1,473,300	2.2 %
% Increase Between						
1995 - 1999		4.3%				
			5.9%		8.7%	

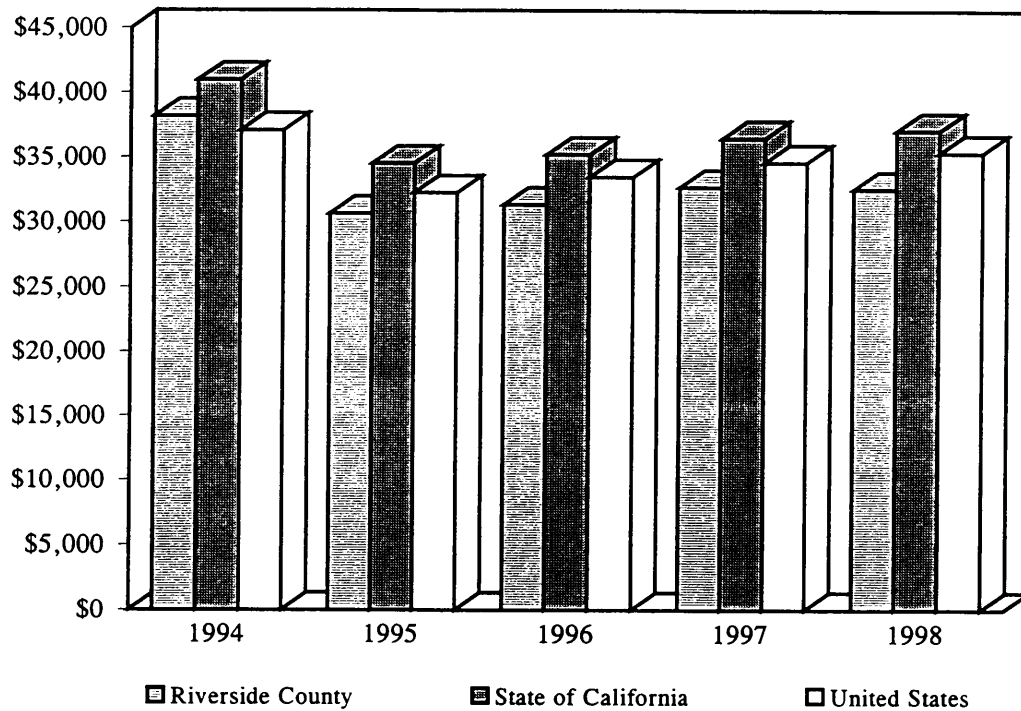
Surrounding cities include Banning, Moreno Valley and San Jacinto.

Source: State of California Department of Finance, Population Research Unit, "Population Estimates for California Cities and Counties", published annually in May for current year.

Personal Income

Median personal income information for Riverside County, the State of California and the United States are summarized in the following charts.

TABLE B-2
EFFECTIVE BUYING INCOME
RIVERSIDE COUNTY, CALIFORNIA AND UNITED STATES
1994 - 1998



Year	Riverside County	State of California	United States
1994	38,175	40,969	37,070
1995 (1)	30,643	34,533	32,238
1996 (1)	31,337	35,216	33,482
1997 (1)	32,690	36,483	34,618
1998 (1)	32,555	37,091	35,377
% Increase Between 1994 - 1998	(15%)	(9%)	(5%)

Note: Personal income data not available for small geographical areas such as the City of Beaumont.
(1) Prior to 1995, Effective Buying Income was based on "Personal Income" rather than "Money Income" and is not directly comparable with 1995 Effective Buying Income.

Source: Sales and Marketing Management, "Survey of Buying Power", published annually in August for prior year.

Employment and Industry

The City is located in the labor market area within the Riverside/San Bernardino Area MSA. Four major job categories constitute 82.0% of the work force. They are services (26.4%), wholesale and retail trade (24.1%), manufacturing (12.3%) and government (19.2%). The January, 2000 unemployment rate in the Riverside/San Bernardino area was 4.8%. The State of California January, 2000 unemployment rate (unadjusted) was 5.3%. The distribution of employment in the Riverside/San Bernardino area is as follows:

TABLE NO. B-3
RIVERSIDE/SAN BERNARDINO MSA
WAGE AND SALARY WORKERS BY INDUSTRY (1)
(in thousands)

Industry	1996	1997	1998	1999	2000
Government	164.8	171.2	173.4	179.3	188.0
Services	204.8	216.0	228.0	237.9	258.8
Finance, Insurance & Real Estate	29.3	29.9	30.8	30.6	32.4
Wholesale & Retail Trade	206.5	213.1	222.8	226.8	235.6
Transportation & Public Utilities	40.6	42.6	44.1	46.5	50.0
Manufacturing:					
Nondurable goods	32.4	33.4	35.5	35.8	38.6
Durable goods	60.8	66.0	72.2	77.6	82.1
Construction and Mining	43.1	46.7	53.9	61.3	74.5
Total Nonagricultural	782.3	818.9	860.7	895.8	960.0
Agriculture, forestry & fisheries**	19.7	18.2	20.4	20.8	19.4
Total (all industries)	802.0	837.1	881.1	916.6	979.4

% OF TOTAL WORKERS

Industry	1996	1997	1998	1999	2000
Government	20.5 %	20.5 %	19.7 %	19.6 %	19.2 %
Services	25.5 %	25.8 %	25.9 %	26.0 %	26.4 %
Finance, Insurance & Real Estate	3.7 %	3.6 %	3.5 %	3.3 %	3.3 %
Wholesale & Retail Trade	25.7 %	25.5 %	25.3 %	24.7 %	24.1 %
Transportation & Public Utilities	5.1 %	5.1 %	5.0 %	5.1 %	5.1 %
Manufacturing:					
Nondurable goods	4.0 %	4.0 %	4.0 %	3.9 %	3.9 %
Durable goods	7.6 %	7.9 %	8.2 %	8.5 %	8.4 %
Construction and Mining	5.4 %	5.6 %	6.1 %	6.7 %	7.6 %
Total Nonagricultural	97.5 %	97.8 %	97.7 %	97.7 %	98.0 %
Agriculture, forestry & fisheries**	2.5 %	2.2 %	2.3 %	2.3 %	2.0 %
Total (all industries)	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

(1) Annually, as of January.

Source: State of California Employment Development Department, *Annual Planning Information and California Labor Market Bulletin*.

** Due to the change in the estimating method, farm employment data prior to January 1997 may not be strictly comparable to current farm employment estimates.

The major employers operating within the City and their respective number of employees as of June, 1999 are as follows:

**TABLE B-4
CITY OF BEAUMONT
TOP EMPLOYERS**

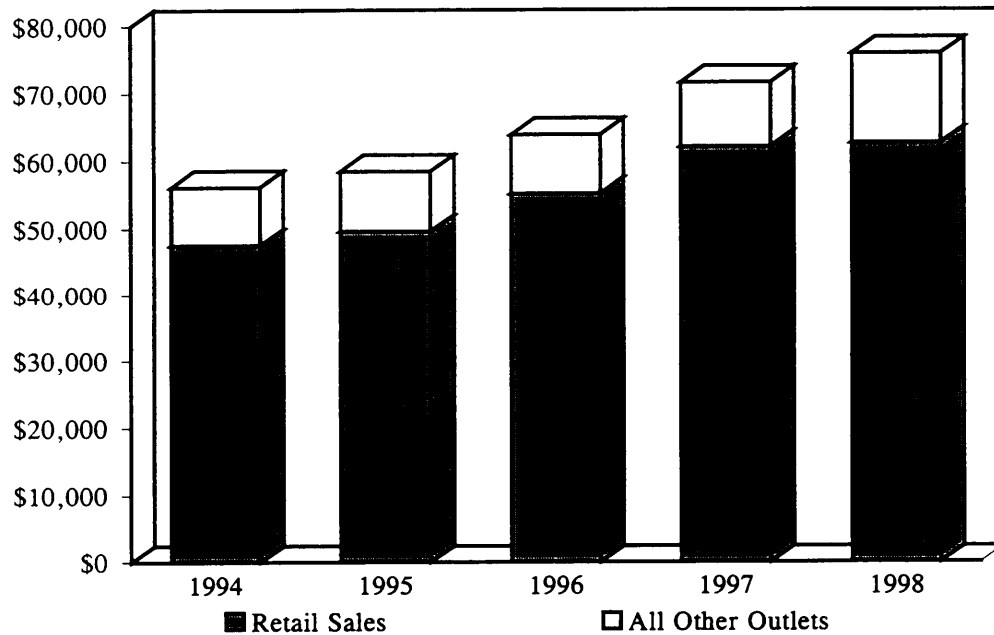
<u>Employer</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Hy Lite Inc.	90	Glass Block Manufacturer
Stater Bros Market 86	89	Super Market
Dura Plastics Products Inc.	82	Plastics Manufacturer
Perricone Juices	66	Juice Factory
Food 4 Less 386	60	Super Market
Precision Stamping Inc.	60	Machine Shop
City of Beaumont	59	Municipality

Source: City of Beaumont.

Commercial Activity

The following charts summarize the volume of retail sales and taxable transactions for the City of Beaumont for 1994 through 1998.

TABLE B-5
CITY OF BEAUMONT
TOTAL TAXABLE TRANSACTIONS
(in thousands)
1994 - 1998

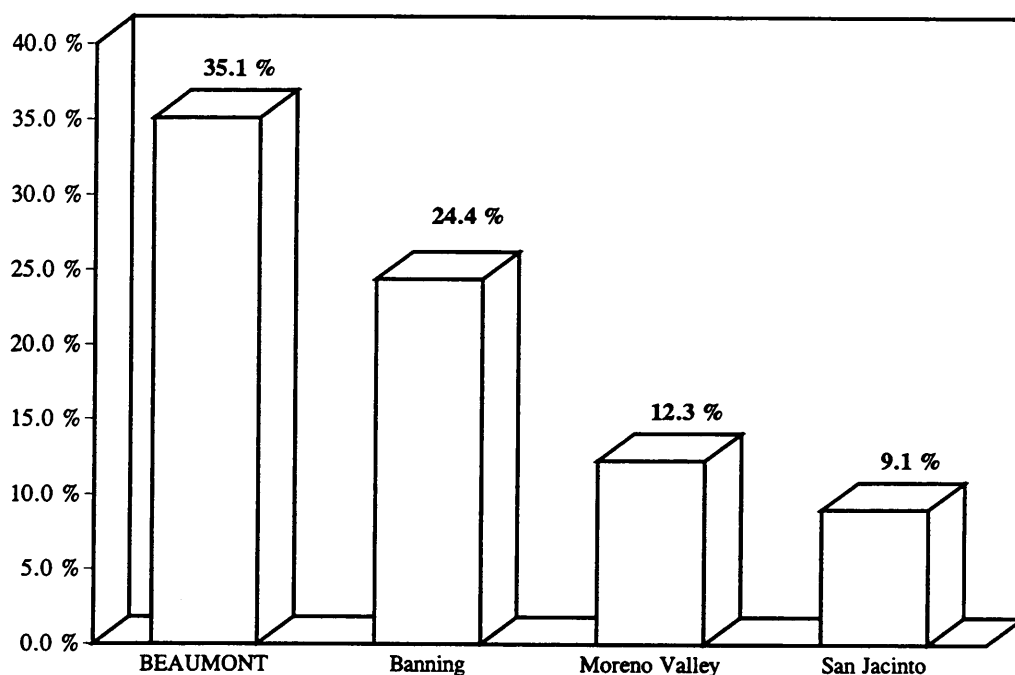


Year	Retail Sales		Retail Sales Permits	Total Taxable Transactions		Issued Sales Permits
	(\$000's)	% Change		(\$000's)	% Change	
1994	47,498		169	56,208		657
1995	49,623	4.5 %	176	58,527	4.1 %	633
1996	55,207	11.3 %	165	63,912	9.2 %	566
1997	62,121	12.5 %	163	71,628	12.1 %	781
1998	62,654	0.9 %	171	75,937	6.0 %	478

Source: State Board of Equalization, *Taxable Sales in California*, published annually in November for prior year.

The following charts summarize the change in taxable transactions for the City of Beaumont and surrounding cities.

TABLE NO. B-6
CITY OF BEAUMONT AND SURROUNDING CITIES
CHANGE IN TOTAL TAXABLE TRANSACTIONS
(in thousands)
1994 - 1998



City	1994	1995	1996	1997	1998	% Change from 1994 - 1998
BEAUMONT	\$ 56,208	\$ 58,527	\$ 63,912	\$ 71,628	\$ 75,937	35.1 %
Banning	125,483	132,206	139,372	146,759	156,092	24.4 %
Moreno Valley	576,409	594,067	592,695	607,772	647,240	12.3 %
San Jacinto	57,489	60,578	60,566	58,582	62,694	9.1 %

Source: State Board of Equalization, *Taxable Sales in California*, published annually in November for prior year.

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APPENDIX C
MARKET ABSORPTION STUDY

MARKET ABSORPTION STUDY
SUMMARY AND CONCLUSIONS

COMMUNITY FACILITIES DISTRICT NO. 93-1
(IMPROVEMENT AREAS: #3, #11, AND #14)

CITY OF BEAUMONT
COUNTY OF RIVERSIDE



Empire Economics, LLC

* APRIL 2000 *

INTRODUCTION TO THE BOND FINANCING PROGRAM

The City of Beaumont has formed a Community Facilities District, CFD No.93-1, as a means of funding the infrastructure that is required for the development of the forthcoming residential and commercial-industrial projects. The CFD has been partitioned into 14 Improvement Areas (IA), one for each of the major property owners. Together, these property owners have some 10,000+ residential units, mostly single-family detached, 80+ acres of commercial-retail, 140+ acres of industrial and 25+ acres for commercial-office. The forthcoming Bond Issue will provide funding for three of the Improvement Areas, and these are as follows:

IA No. 3 Coscan/Three Rings Ranch
IA No.11 Omega/Sheldon Homes
IA No. 14 Westbrook Oak Valley

Together, these three IA in CFD No.93-1 are expected to have a total of 2,844 housing units and 20 acres of commercial-retail; they are hereafter referred to as CFD No. 93-1 IA*.

The City of Beaumont has retained Empire Economics LLC, an economic and real-estate consulting firm, to perform a Market Absorption Study for CFD No.93-1 with regards to IA*, comprised of IA #3, #11 and #14. The purpose of the Market Study for CFD No.93-1 IA* is to provide an estimate of the probable absorption schedules for the forthcoming residential and commercial-retail properties. Specifically, from the viewpoint of prospective Bond Purchasers, the particular components of the infrastructure should be time-phased and location-phased in a manner that approximately coincides with the expected marketability/absorption of the projects in CFD No.93-1 IA*. Otherwise, to the extent that the infrastructure is not appropriately phased, then the following types of market inefficiencies may occur:

On the one hand, if certain projects do not have the infrastructure that is required to support their development in a timely manner, then they would not be able to respond to the demand in the marketplace, resulting in a market shortage.

On the other hand, if too much infrastructure is built, then projects for which there is not presently a market demand would incur high carrying costs due to the market surplus, and this could adversely impact their financial feasibility.

Thus, the Market Absorption Study formulates guidelines on the appropriate or optimal time-phasing and location-phasing of the infrastructure for the properties located in CFD No.93-1 IA*, as a means of providing the bond purchasers with a reasonable amount of security from a market absorption perspective.

**ROLE OF THE MARKET ABSORPTION STUDY
FOR THE
CITY OF BEAUMONT CFD NO. 93-1 IA ***

MARKET ABSORPTION STUDY

**MARKETING
PROSPECTS**

**APPRAISAL OF
PROPERTY**

**SPECIAL TAX
ANALYSIS**

**COMPETITIVE
MARKET
PRICES**

**ABSORPTION
SCHEDULE:
SALE OF LOTS
TO FINAL-
USERS**

**SPECIAL TAXES
FOR THE
PRODUCTS USING
MARKET VALUES**

**ABSORPTION
SCHEDULES**

**DISCOUNTED
CASH FLOW
ANALYSIS**

**SHARE OF
PAYMENTS:
DEVELOPER
BUILDERS
VS.
FINAL - USERS**

CHARACTERISTICS OF THE EXPECTED PRODUCT MIX FOR THE CITY OF BEAUMONT CFD NO. 93-1 IA*

The properties in the City of Beaumont CFD No.93-1 IA* have received planning approvals/entitlements for some 2,844 housing units as well as 20 acres for commercial-retail projects. Thus far, only 20 housing units in IA # 11 have been marketed, and so the vast majority of these residential units and commercial-industrial properties are for future development.

With respect to the composition of the 2,844 active/forthcoming housing units in CFD No.93-1 IA* by ownership, their characteristics are as follows:

- IA # 3 by Coscan/Three Rings is expected to have a total of some 508 housing units; none of these have been built/sold thus far, and so they are all available for future development. The 508 units are expected to be all single-family detached homes on lots of some 7000 sq.ft.
- IA # 11 by Sheldon/Omega Homes is expected to have a total of some 176 housing units; 20 of these have been sold (closed) thus far, and so there are 156 remaining for future development. The 156 units are comprised of 108 single-family detached homes on lots of some 7,000 sq.ft. and 48 attached units.
- IA # 14 by Westbrook Oak Valley Properties is expected to have a total of some 2,160 housing units; none of these have been built/sold thus far, and so they are all available for future development. The market orientation of 2,160 units is comprised of 1,252 housing units for seniors (age-restricted) and the remaining 908 units for traditional households (not age-restricted). Most of the homes are expected to be single-family detached on lots of some 5,000-20,000+ sq.ft.; additionally, there are some 375 attached homes for seniors.

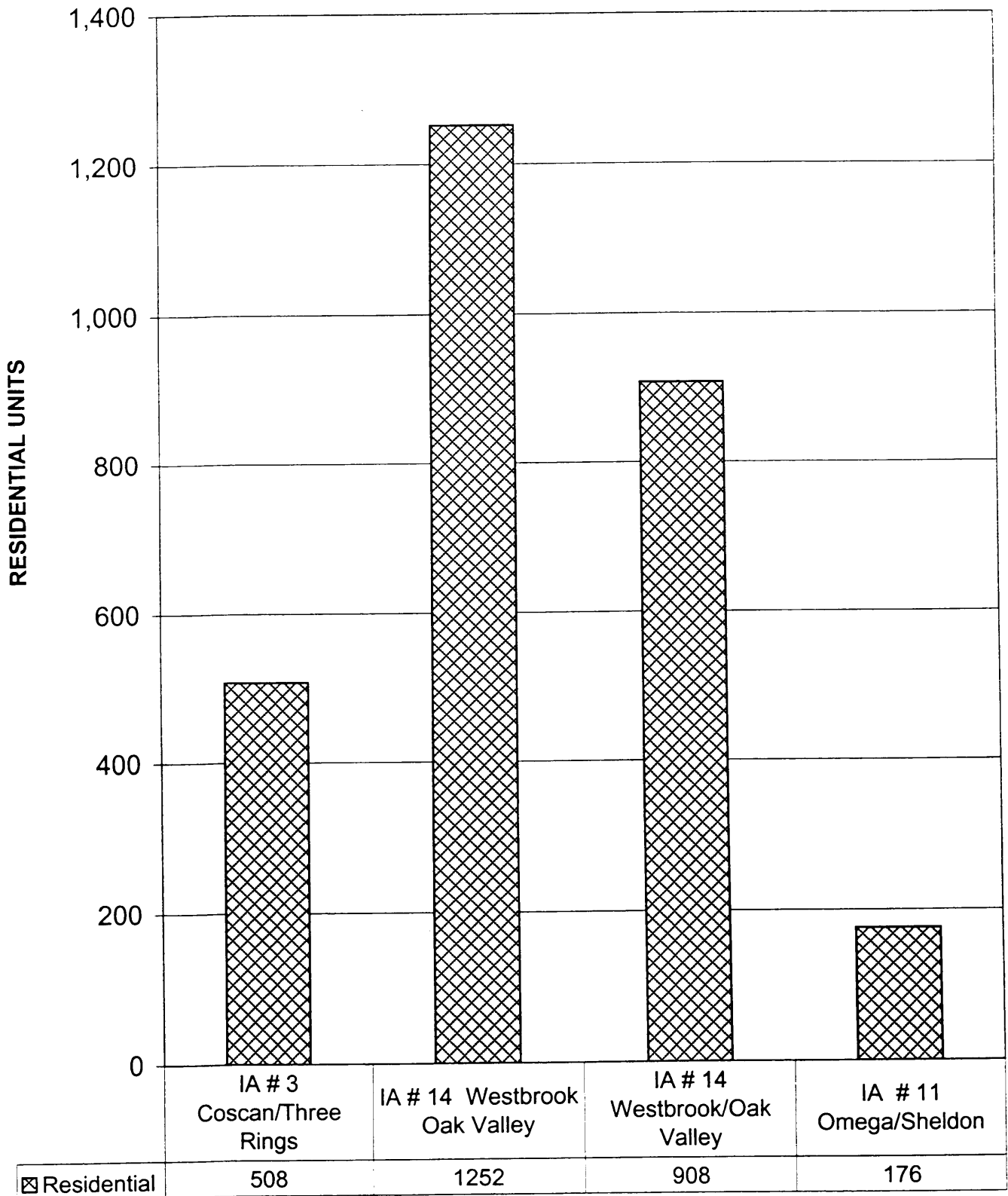
Therefore, the 2,844 housing units in CFD No.93-1 IA* are primarily single-family homes, and this is regarded as being appropriate, since their market orientation is expected to be towards entry-level as well as senior households.

With respect to the composition of the 10 acres of commercial-retail property in CFD No.93-1 IA* by ownership, their characteristics are as follows:

- IA # 14 by Westbrook Oak Valley Properties is expected to have some 10 acres for commercial-retail projects; none of which have been built/sold thus far, and so all of the commercial acres are available for future development.

Therefore, the 10 acres of commercial-industrial properties in CFD No.93-1 IA* are for commercial-retail which will provide the households with shopping centers.

EXPECTED RESIDENTIAL PRODUCT MIX FOR CFD NO. 93-1 IA*



RECENT ECONOMIC AND CONSTRUCTION ACTIVITY TRENDS/PATTERNS IN RIVERSIDE COUNTY

The recent employment and construction activity trends for Riverside County are now presented, in order to provide a background on the current economic and real estate conditions within the county, in particular.

The primary determinant underlying construction activity is employment growth, since this generates a demand for additional industrial and office buildings as well as new housing units and also commercial-retail centers. Accordingly, this is now discussed in order to provide a background for understanding the recent construction activity trends in Riverside County.

- Riverside County's employment growth was very strong during the 1985 to 1990 time period, with annual increases of some 17,400 jobs per year for growth rates of some 7.3% per year, on the average. However, there was an economic slowdown in 1991 during which employment grew by less than 1%. Although an economic recovery started in 1992, growth was sluggish in 1993 and 1994, some 1.6% per year, on the average. Then, during the 1997-98 time period, employment growth increased to some 22,000 per year for a growth rate of some 6.2% per year, on the average. The rate of employment growth moderated to some 4.0% in 1999 due to the scarcity of labor, as reflected by the county's unemployment rate of only 3.9%.
- With respect to the construction of new housing units, Riverside County experienced very high levels of activity during 1987-1989, when new housing units attained levels of more than 5,000 single-family and 1,500 multiple-family units per quarter. However, the economic slowdown resulted in the levels of activity declining to some 1,800 single-family and 100 multiple-family per quarter during 1993-1996. Since 1997, the levels of new single-family units have increased to some 3,100 per quarter and multiple-family units have attained levels of some 550 per quarter. These sectors have recovered from their recession tough, however, they are still well below the strong levels of activity that they experienced during the latter 1980's.
- With respect to the construction of industrial, office and retail buildings, Riverside County also experienced very high levels of activity during 1987-1989, when the valuations were typically some \$100 million per quarter. However, the economic slowdown resulted in the valuations declining to below \$40 million per quarter during 1994-1996. Since 1997, the valuations have recovered to attain levels of some \$80+ million during most of the quarters during 1998 and 1999. Consequently, the levels of activity for the industrial, office and retail sectors have recovered from their troughs, however, the office sector is still fluctuating.

Therefore, the recovery of Riverside County's economy has resulted in strong levels of employment growth since 1997, and this has enabled the industrial and retail sectors to establish bona-fide recoveries. But the lingering effects of high vacancy rates in the various real estate sectors, resulting from the very high levels of construction activity in the latter 1980's in conjunction with the decrease in demand in the early 1990's as a result of the economic slowdown, have resulted in a sluggish recovery for the single-family and multiple-family housing units and fluctuations in the office sector. However, continued employment growth, along with recent declines in vacancy rates, should generate higher levels of construction activity in the single/multiple-family units and the office real estate market during 2000.

RECENT/EXPECTED DEVELOPMENT ACTIVITY IN THE CFD NO. 93-1 IA* MARKET AREA

The levels of residential, commercial, and industrial construction activity in the CFD No.93-1 IA* Market Area, in particular, are now forecasted, based upon its estimated capture rate of the amounts of such development activity for the Southern California economy, as a whole, during the foreseeable future.

First, the Market Area's geographical boundaries are delineated, through a consideration of the cities/communities in the vicinity of CFD No.93-1 IA* that are "economically" similar, based upon the following:

Topographical features, such as coastal, inland valleys, or high-desert; CFD No.93-1 IA* is considered to be in an inland valley.

- Inter-connecting transportation corridors that provide accessibility through freeways and other primary roads, such as Routes 10 and 60, major Southern California transportation routes.
- Economic maturity of the area according to the composition of its development activity, such as urban, suburban or rural; the CFD No.93-1 IA* Market Area is expected to enter a transitional stage, as it moves from a rural to a suburban area.

Accordingly, based upon a consideration of these factors, the CFD No.93-1 IA* Market Area encompasses the Planned Communities and Business Parks located in the north-central portion of Riverside County, including the cities of Beaumont, Banning, and Calimesa as well as other nearby communities.

Secondly, the Market Area's capture rates of Southern California's future construction activity are derived by utilizing a shift-share model which systematically analyzes the market shares for each of the various types of construction activity. These forecasts are based upon intermediate trends/patterns which are considered to be the most reliable indicators of the marketing potential for CFD No.93-1 IA*'s residential and commercial-industrial products. Accordingly, the primary components of this analysis are as follows:

Southern California's development has a well-defined pattern: the urban core is represented by Los Angeles/Orange County (LA/OC), and it has expanded outwards in various directions, including easterly into Riverside/San Bernardino (R/SB) counties. Specifically, these development patterns have followed the transportation system along with topography that is conducive to development, with the pace of expansion being driven by rate of employment growth. Within R/SB counties, development has proceeded from the far western portion of the counties, the portions in closet proximity to LA/OC, into the central portions of the counties.

For single-family housing, there have been three major cycles since 1970, with strong levels of activity generally occurring during 1975-80, 1984-1991, and 1996-99+. For each of these peak periods, the level of housing activity was the strongest for RC-West (Corona/Riverside) and SB-West Valley (Rancho Cucamonga/Ontario/Fontana), since these are in closet proximity to LA/OC. For SB-East Valley (Rialto/San Bernardino), the level of activity was strong during the first two cycles, 1975-80 and 1984-91, but not thus far for the current cycle. While for RC-Central (Moreno Valley/Perris), the level of activity was strong only for the 1986-91 time period. Therefore, for the current economic/real estate cycle which commenced in 1996, the levels of activity have been strong for RC-West and SB-West, but not for RC-Central or SB-East Valley. For RC-Beaumont (CFD No.93-1 IA Market Area),

its level of activity since 1991 has been relatively low, except during 1987-90 when the number of new single-family units reached a level of some 300-500 per year, on the average.

For multiple-family units, there have been two moderate levels of activity, 1971-73 and 1978-1980, and a major boom during 1983-89; the current recovery, which began in 1996, has been relatively weak. Specifically, the current weakness can be attributed to the huge increase in the number of units during 1983-89 along with the potential for lawsuits for projects with attached products. With respect to the areas that previously experienced most of the growth, they are SB-West, SB-East Valley and RC-West. By comparison, the levels of activity for RC-Central and RC-Beaumont have been relatively low.

With respect to commercial-retail/office development activity, it has exhibited a growth pattern that began in 1980, and has remained strong since then, despite some cycles. During the 1980-91 time period, the level of commercial retail/office activity increased for all of the areas except RC-Beaumont. However, since 1992, the SB-West has continued its strong rate of development, while the level of activity for RC-West, SB-West Valley and RC-Central have all diminished.

With regards to industrial development activity, a significant amount of such activity occurred during 1984-90, and this was concentrated primarily in SB-West and also, to some degree, in RC-West; by comparison, the levels of activity in the other areas has been relatively low. The high levels of activity in SB-West and RC-West can be attributed to their the 10/60/210 freeways linking them with the LA employment centers as well as the topography being relatively level to accommodate such development. With respect to the current recovery which commenced in 1996, the pattern is similar, with most of the activity again being in SB-West and RC-West.

Therefore, during the prior economic cycle, 1984-91, most of the areas experienced strong level of activity for single-family housing as well as commercial-retail/office development; additionally SB-West and RC-West had strong levels of multiple-family and industrial development activity. However, with respect to the current economic cycle, which began in 1994, a somewhat different pattern is emerging: RC-West and SB-West are experiencing strong level of single-family and industrial activity; however, SB-East Valley and RC-Central have not yet entered their recoveries. Based upon the expectation of continued employment growth for Southern California and also R/SB counties, SB-East Valley and RC-Central are expected to establish their recoveries by 2000-2001. Then, as the recoveries in RC-Central and SB-East Valley attain relatively higher levels of activity during 2001-2003, development activity is expected to continue its movement in an easterly direction. Consequently, the Beaumont MA is expected to experience increasing levels of development activity starting in 2002, and the level of activity is expected to become strong in 2005.

Accordingly, based upon a consideration of these factors, the recent expected capture rates of Southern California's development activity for the CFD No.93-1 IA Market Area during 1980-2010 for the various types of development activity are as follows:

Time Periods	Residential			Non Residential			
	Single units	Multiple units	Total units	Office acres	Retail acres	Indust. acres	Total acres
1980-1985	0.36%	0.12%	0.24%	0.02%	0.09%	0.11%	0.06%
1986-1990	0.64%	0.24%	0.44%	0.06%	0.13%	0.23%	0.14%
1991-1995	0.82%	0.20%	0.66%	0.18%	0.07%	0.07%	0.09%
1996-1999	0.63%	0.13%	0.52%	0.01%	0.24%	0.07%	0.07%
2000-2005	0.83%	0.08%	0.60%	0.03%	0.63%	0.18%	0.18%
2006-2010	1.21%	0.22%	0.83%	0.10%	0.93%	0.40%	0.36%

The share of single-family residential construction activity, some 0.63% during 1996-99, is expected to increase to 0.83% during 2000-2005, and then rise to 1.21% during 2006-2010. The increasing capture rates can be attributed to the continuation of the spillover of demand from Los Angeles and Orange counties into Riverside and San Bernardino counties.

The share of multiple-family construction activity is expected to eventually increase due to the increasing urbanization of the Market Area: from 0.13% during 1996-99 to 0.08% during 2000-2005, and then to 0.22% for 2006-2010.

The share of retail construction activity is expected to eventually increase due to the higher levels of population in the Market Area as well as threshold levels being attained for various types of regional centers. Specifically, the shares during 1996-1999 of 0.24% represent an increase from the 1991-95 when it amounted to 0.07%. Then the shares are expected to increase, to 0.63% during 2000-2005 and then to 0.93% during 2006-2010. This is based upon the amount of residential construction activity that is expected to occur within the Market Area, and the demand that these households will generate for retail shopping centers, along with the threshold levels for various types of centers to be developed.

The share of office construction activity is expected to rise from 0.01% during 1996-99 to 0.03% for 2000-2005 and 0.10% during 2006-2010. This can be attributed to the Market Area being traversed by Routes 10 and 60, transportation corridors that connect it with then employment centers in western/central Riverside and San Bernardino counties.

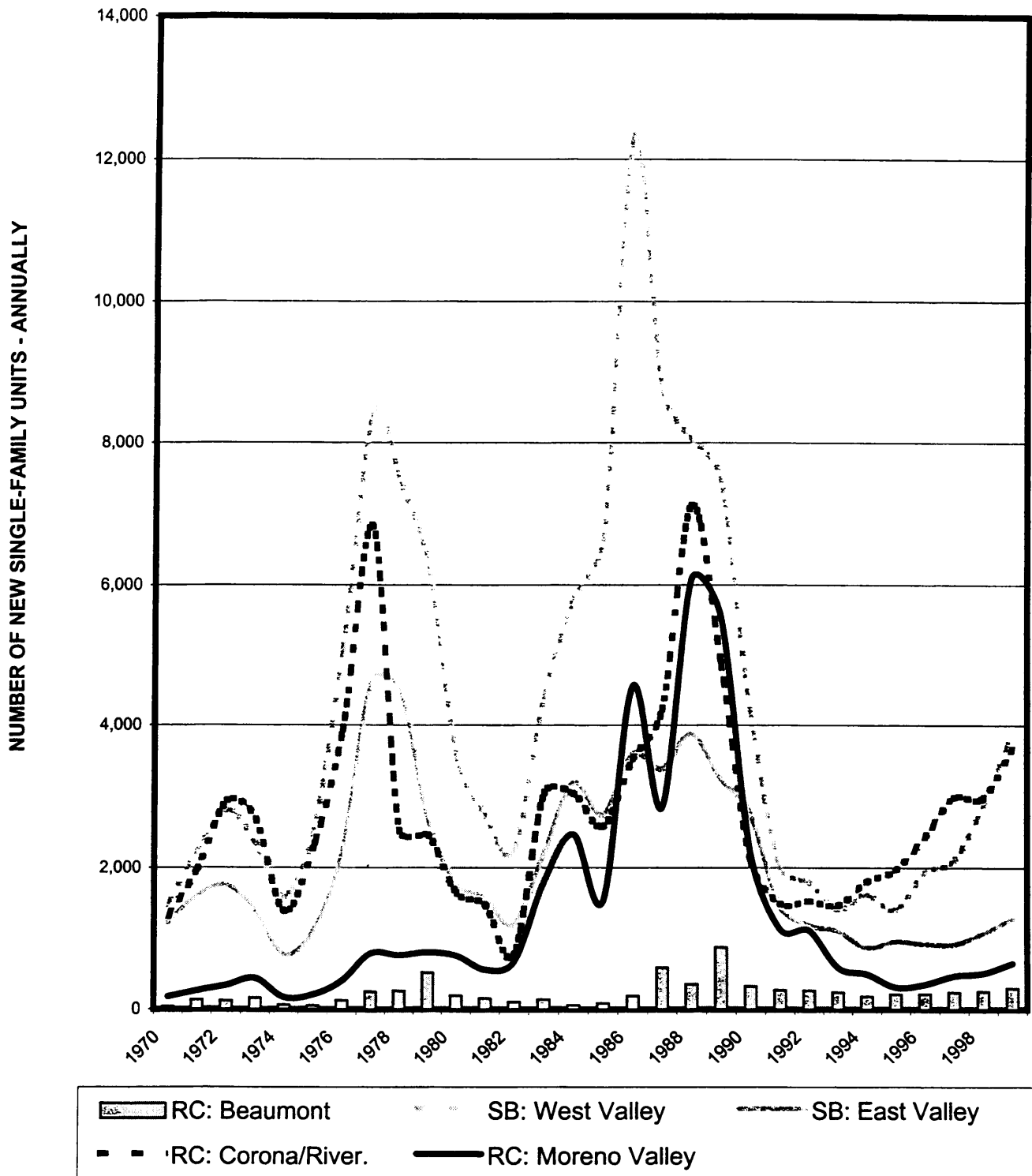
The share of business/industrial construction activity is also expected to increase during the foreseeable future, from some 0.07% during 1996-99 and then to 0.18% during 2001-2005 and then 0.40% during 2006-2010, respectively. This can also be attributed to the Market Area being traversed by Routes 10 and 60, transportation corridors that connect it with employment centers in western and central Riverside and San Bernardino counties.

Accordingly, the application of the Market Area's estimated capture rates to the expected development activity in Southern California results in the following levels of demand for residential, retail, office, and business/industrial products in the CFD No.93-1 IA* Market Area:

Time Periods	----- Residential / Year -----			----- Non Residential / Year -----			
	Single units	Multiple units	Total units	Office acres	Retail acres	Indust. acres	Total acres
1980-1985	120	40	160	1.3	2.0	3.4	6.6
1986-1990	461	179	640	2.4	4.3	7.3	14.0
1991-1995	232	20	251	0.9	0.9	0.5	2.4
1996-1999	250	15	264	0.1	1.6	1.3	3.1
2000-2004	497	20	517	0.5	3.6	1.9	6.0
2005-2010	838	95	933	1.8	6.9	3.5	12.2

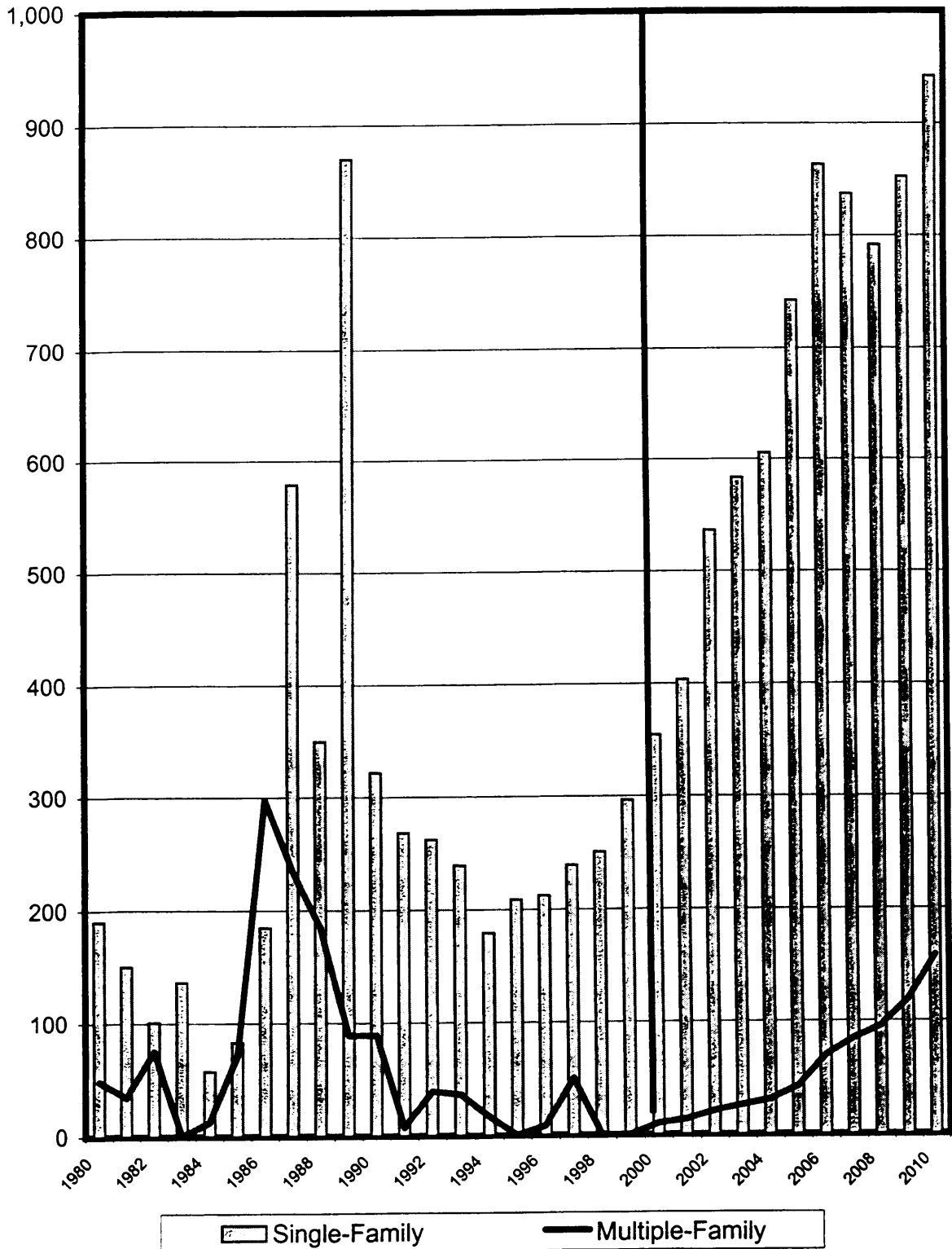
So, residential activity is expected to increase from a level of 264 units per year during 1996-1999, to 517 units/year in 2000-2004, and then to 933 units/year for 2005-2010. While commercial-office activity is expected to increase to a level of 0.5 acres/year in 2000-2004 and then 1.8 acres/year for 2005-2010. Commercial-retail activity is expected to increase to a level of 3.6 acres per year during 2000-2004 and then 6.9 acres/year for 2005-2010. While business/industrial activity is expected to increase to a level of 1.9 acres per year during 2000-2004 and then 3.5 acres/year for 2005-2010.

**RECENT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT
ACTIVITY PATTERNS
BETWEEN THE LA-OC EMPLOYMENT CENTERS AND THE CFD
NO. 93-1 IA* MARKET AREA**



RECENT/EXPECTED RESIDENTIAL DEVELOPMENT ACTIVITY CITY OF BEAUMONT CFD NO. 93-1 IA* MARKET AREA

NUMBER OF NEW HOUSING UNITS - ANNUALLY



COMPETITIVENESS OF CITY OF BEAUMONT CFD NO.93-1 IA* FROM A REGIONAL PERSPECTIVE

From a regional perspective, the competitiveness of CFD No.93-1 IA*'s forthcoming products is influenced by the development patterns for employment and housing within the Southern California Market Region (MR), and their interrelationships with the CFD No.93-1 IA* Market Area (MA). Specifically, Business Parks generate business-office development while Planned Communities generate residential development; additionally, the flow of traffic between them is facilitated by freeways.

➤ **Expansion of Employment Centers and Business Parks**

The currently established major employment centers are Orange, San Diego and Los Angeles (OC/SD/LA) counties as well as the western portions of Riverside (R) and San Bernardino (SB) counties. Furthermore, there has been some expansion from these into various Business Parks located in the central portion of SB County, including the cities of Fontana, Rialto, San Bernardino, Loma Linda and Redlands. Specifically, the recent growth of these Business Parks can be attributed to their proximity to SB-West as well as their locations along Route 10.

- * The expected completion of the Foothill Freeway (Route 210) into the City of Fontana in the year 2001 is expected to facilitate the expansion of the employment centers from LA into SB County. While the recent completion of the Eastern Transportation Corridor (Route 241) into western Riverside County is expected to facilitate the expansion of Business Parks further into Riverside County. As the expansion proceeds further into San Bernardino and Riverside counties, it will eventually benefit the projects in CFD No.93-1 IA* MA, since routes 10 and 60 eventually merge in the City of Beaumont.

➤ **Commuting Patterns: Employment Centers to Residential Areas**

Some of the households employed in the OC/SD/LA and western R/SB employment centers purchase housing in projects that are located further to the east, since these projects, as a result of lower land values, offer more affordably priced entry-level housing. Specifically, these commuting patterns are based upon the freeways that link the employment centers to the housing projects.

- * The continuing expansion of the employment centers into R/SB counties result in residential projects in the CFD No.93-1 IA* MA becoming more competitive in the marketplace, as the distance between the employment centers and the MA continues to diminish. With respect to commuting to the CFD No.93-1 IA* MA, in particular, this is based upon the use of Route 10 and 60, major freeways that link the employment centers to the CFD No.93-1 IA* MA.

Therefore, from a regional perspective, the existing transportation system is regarded as being generally favorable for the future development of Business Parks (BP) and Planned Communities (PC) in the CFD No.93-1 IA* MA, since employment and housing growth are moving in an easterly direction along routes 10 and 60, and these merge in the City of Beaumont. The development trend is expected to impact PC first, since commuters are willing to travel additional distances along freeways for lower-priced housing. While for BP, in general, development prospects will require additional time, since new business tend to locate in the vicinity of existing employment centers. However, an exception to this may be for specialized business users that can strategically utilize the Route 10/60 portal into Southern California.

From a regional perspective, the competitiveness of the CFD No.93-1 IA* is influenced by the development patterns for housing and employment within western and central Riverside County (RC) as well as Orange County (OC) and San Bernardino County (SBC). Specifically, Business Parks generate industrial-office development while Planned Communities generate residential development; additionally, the flow of traffic between them is facilitated by the freeways and other transportation routes.

OVERVIEW OF THE RECENT SALES AND PRICING TRENDS AND PATTERNS IN THE CFD NO. 93-1 IA* MARKET AREA

The trends for the sales/prices of homes in the CFD No.93-1 IA* Market Area can be gauged by utilizing the sales/prices of such homes on an annualized basis during the 1988-1999 time period. Additionally, to provide a benchmark for the analysis, the sales/prices for the CFD No.93-1 IA* Market Area (MA) referred to on graphs as Beaumont MA are compared to those of SB-West Valley, RC-West, SB-East Valley, RC-Moreno.

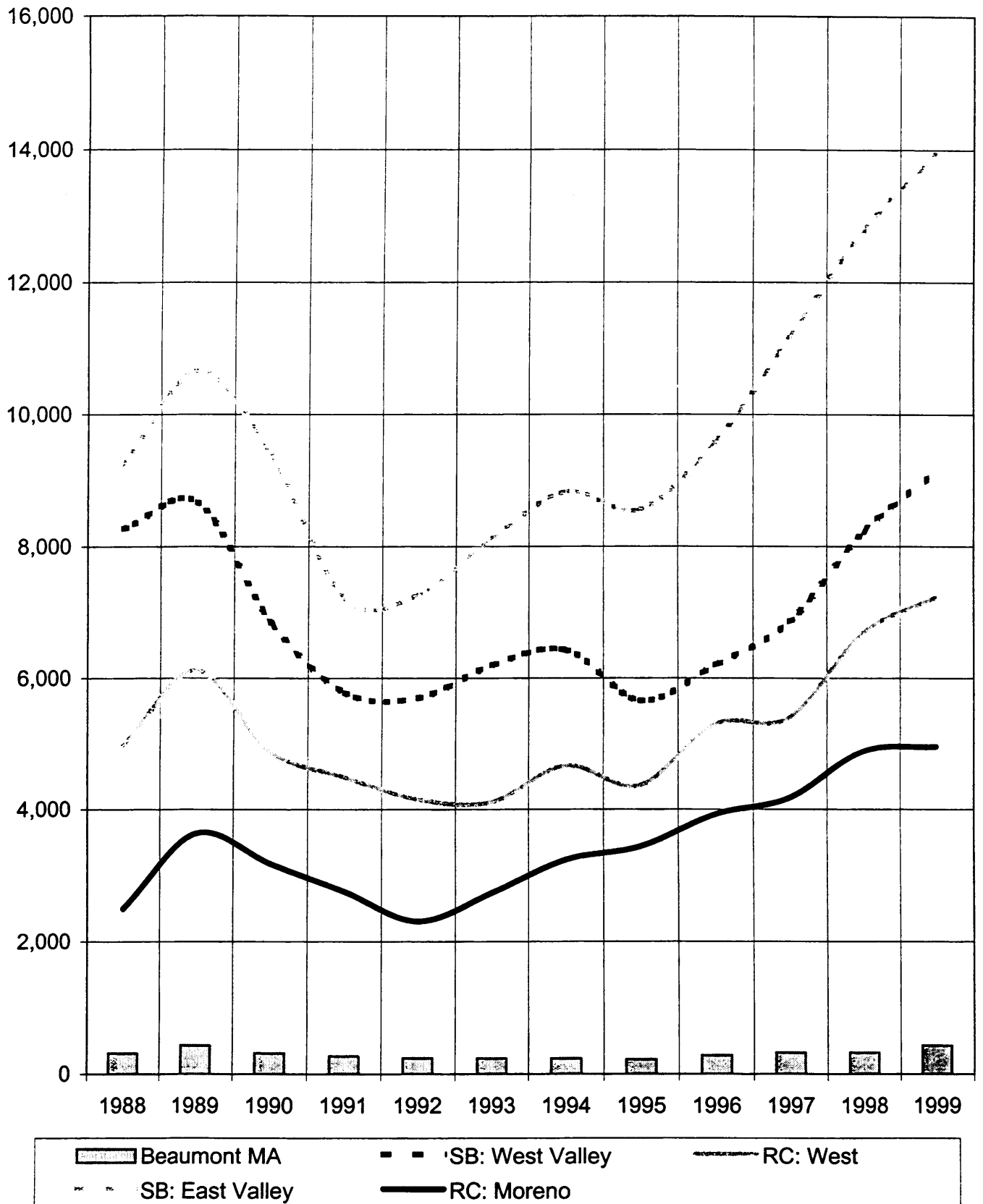
With respect to the level of sales for existing housing units, all of the areas were generally stable during 1991-1995, and then their recoveries commenced in 1996. Specifically, since 1996 the sales of existing homes in SB-West Valley, RC-West, SB-East Valley and RC-Moreno have all surpassed their prior peaks which occurred in 1989. While for the Beaumont MA, which had a peak level of sales of some 425 in 1989, sales have remained in the range of some 230-316 units per year during 1991-98, but then in 1999 it rose to a level of some 424 units, close to its prior peak.

With respect to the prices of resale homes, all of the areas generally experienced their peaks levels during 1991-92 and their troughs during 1996-97. For SB-West Valley and RC-West, their prices have recently increased, but they are still slightly below their prior peaks. While for SB-East Valley and RC-Moreno, their recent prices are only moderately above their lows. For the Beaumont MA, housing prices had a peak level of \$110,274 in 1992, a low of \$84,626 in 1996, and then an increase to \$95,107 in 1999. Thus, the pattern of price changes reveals that SB-West Valley and RC-West have experienced the most substantial increases, while price increases in the other areas have been only moderate. Finally, a comparison of the average housing prices for 1999 reveals the patterns amongst the various areas: \$158,717 for SB-West Valley, \$137,752 for RC-West, \$115,351 for RC-Moreno, \$110,797 for SB-East Valley and \$95,107 for the Beaumont MA.

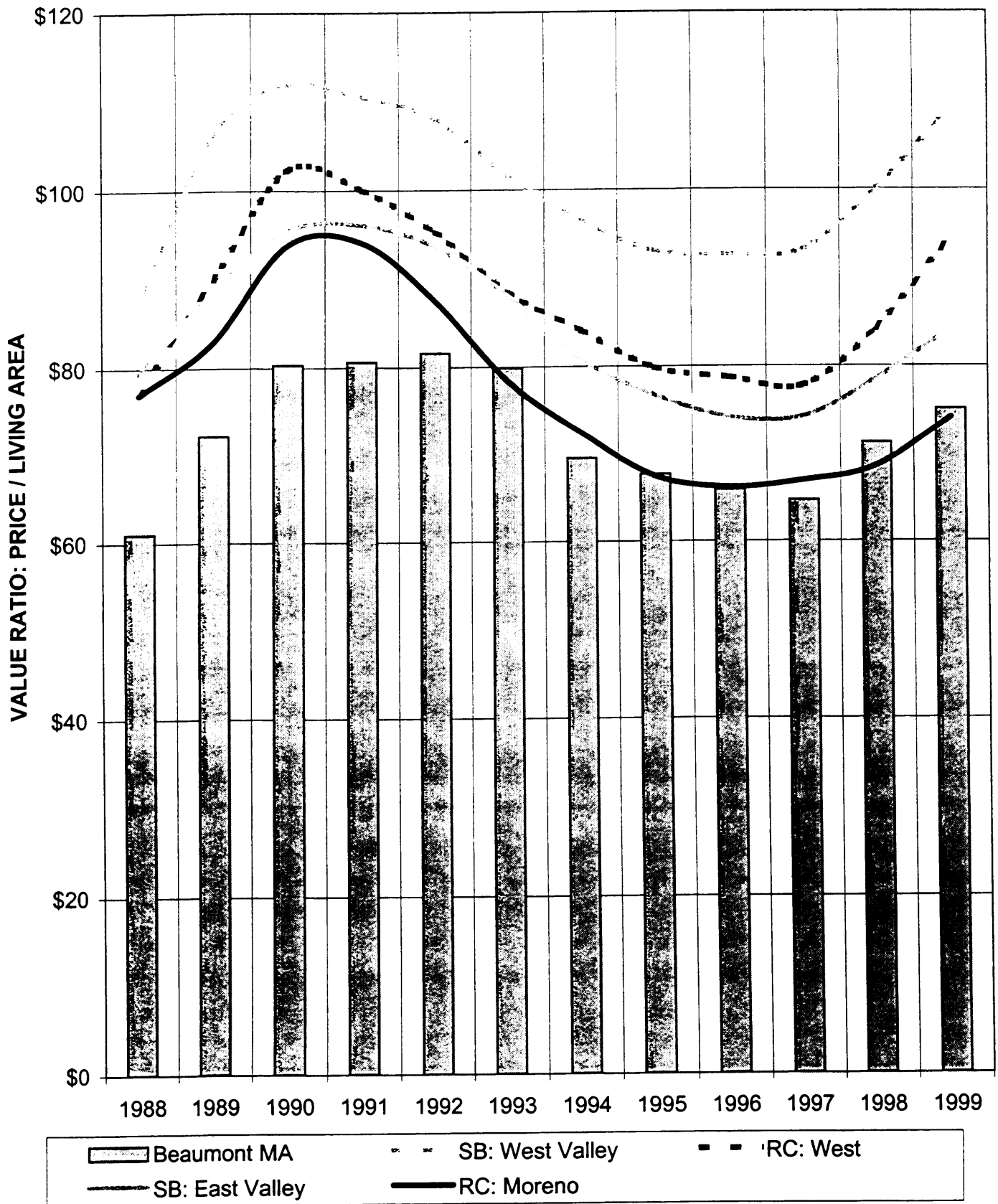
A more accurate/reliable method by which to gauge price trends is the use of value ratios, the price of a home divided by the square footage of its living area; this eliminates price aberrations that can be caused by changes in the sizes of its living area. Overall, all of the areas generally experienced declines in their value ratios during 1991-1996, followed by recoveries in 1998. Accordingly, the 1999 value ratios as well as the 1998/99 price increases have been as follows: SB-West Valley: \$109 (+9%), RC-West: \$94 (12%), SB-East Valley: \$84 (7%), RC-Moreno: \$74 (8%) and the Beaumont MA; \$75 (6%).

Therefore, for SB-West Valley and RC-West housing markets are experiencing a recovery with respect to record levels of sales for homes. However, value ratios are still some 3-8% below their prior peaks. While for RC-Moreno and SB-East Valley, 1999 prices and value ratios are still some 13-21% below their prior peaks. Finally, for the Beaumont MA, home sales have been stable and value ratios are still some 8% below their prior peaks.

RECENT SALES OF EXISTING HOMES **CFD MARKET AREA AND COMPETING AREAS**



RECENT VALUE RATIOS FOR RESALE HOMES CFD MARKET AREA AND COMPETING AREAS



OVERVIEW OF THE PLANNED COMMUNITIES IN RIVERSIDE – SAN BERNARDINO COUNTIES

The purpose of this section is to provide an overview of the current development patterns for Planned Communities (PC) located in the western and central portions of Riverside (RC) and San Bernardino (SB) counties, since this reflects the rate and degree to which PC have moved easterly towards the CFD No.93-1 IA* Market Area (MA). Then, in the next section, the characteristics of the currently active projects in the MA are discussed.

Empire Economics identified the major PC located in the western and central portions of R/SB counties; there are presently some twelve PC. Then, for each of these, information was compiled on their currently active projects; accordingly, the primary features of these PC are not presented.

The locations of the PC, along with the number of active projects that they currently have, are as follows:

- RC-West: Chase Ranch (5), Corona Ranch (6), Mountain Gate (9), and Wildrose Ranch (8)
- SB-West: Hunter's Ridge (11), Southridge (7) and The Landing (5)
- RC-Central: Orangecrest Hill (3), Sycamore Highland (3), and Moreno Valley Ranch (4)
- SB-Central: Las Colinas (5) and Highlands Ranch (2)

So, seven of the twelve PC are located in western R/SB counties; additionally, these have most of the projects, 51 of the 68.

The prices of the homes for the projects in the PC, along with their sizes of living area, on the average, are as follows:

- RC-West: \$232,129 for 2,582 sq.ft.
- SB-West: \$181,972 for 2,394 sq.ft.
- RC-Central: \$187,292 for 2,388 sq.ft.
- SB-Central: \$174,229 for 2,216 sq.ft.

So, RC-West has the highest housing prices, SB-West and RC-Central have comparable prices, and SB-Central has the lowest prices. The pattern is similar with regards to the square footage of living area: RC-West has the largest homes, SB-West and SB-Central have similar sized homes, and SB-Central has the smallest homes.

To compare the prices of the homes in the PC, their value ratios are utilized, the price per sq.ft. of living area, since this effectively makes adjustments for differences in their prices and sizes of living areas. Accordingly, the value ratios for the PC, the average of all of their projects, are as follows:

- RC-West: \$91.70/sq.ft.
- SB-West: \$77.86/sq.ft.
- RC-Central: \$78.37/sq.ft.
- SB-Central: \$79.68/sq.ft.

So, RC-West has the highest value ratio, while SB-West, RC-Central and SB-Central have comparable value ratios of some \$77.86 to \$79.66/sq.ft.

Therefore, most of the projects in PC are located in RC-West and SB-West; additionally RC-West has the highest prices and value ratios. Although there are several PC in RC/SB-Central, they have fewer active projects, along with lower prices and value ratios.

COMPETITIVE ANALYSIS OF THE PROJECTS IN THE CFD NO.93-1 IA* MARKET AREA AND ITS VICINITY

The competitiveness of the active and forthcoming projects in CFD No.93-1 IA* are now evaluated by performing an analysis of the currently active competitive projects located within the Market Area (MA) and its vicinity. Specifically, there are presently a total of 12 active projects in the MA and its vicinity, and their characteristics are as follows:

With respect to the geographical locations of these projects, they are as follows:

- * CFD No.93-1 IA* MA: Family Oriented: 2 projects
- * CFD No.93-1 IA* MA: Seniors Oriented: 1 Planned Community
- * Yucaipa, some 9 miles west along Route 10: 3 projects
- * Redlands, some 12 miles west along Route 10: 1 project
- * Moreno Valley, some 14 miles west along Route 60: 5 projects

So, the CFD No.93-1 IA* MA has two currently active family projects and the Planned Community of Sun Lakes which is oriented towards seniors; by comparison, the other areas have a total of nine projects, and they are generally some 10 miles closer to the employment centers.

With regards to the absorption that these projects have recently experienced, their aggregate sales rate amounts to some 534 units per year, and its distribution has been as follows:

- * CFD No.93-1 IA* MA: Family Oriented: 49 units/year, 25/project per year
- * CFD No.93-1 IA* MA: Seniors Oriented: 200 units/year for the Planned Community
- * Yucaipa, 95 units, 32/project per year
- * Redlands, 25 units, 25/project per year
- * Moreno Valley, 165 units, 33/project per year

So, the CFD No.93-1 IA* MA and its vicinity has a sales rate of 534 units per year or some 44 units per project/planned community.

The prices and sizes of living area for all of these projects amount to some \$175,693 and 2,134 sq.ft., respectively, and this results in a value ratio of \$83.87, on the average; however, there are some substantial variations amongst the various areas, and these are as follows:

- * CFD No.93-1 IA* MA-Family : \$158,698 for 1,910 sq.ft.; \$83.34/sq.ft.
- * CFD No.93-1 IA* MA-Seniors: \$154,150 for 1,757 sq.ft.; \$87.73/sq.ft.
- * Yucaipa: \$190,182 for 2,098 sq.ft.; \$90.93/sq.ft.
- * Redlands: \$159,990 for 1,612 sq.ft.; \$99.28/sq.ft.
- * Moreno Valley, \$181,247 for 2,424 sq.ft.; \$75.99/sq.ft.

So, the projects in the CFD No.93-1 IA* MA have value ratios which are lower than Redlands and Yucaipa, and higher than Moreno Valley.

Finally, for Special Taxes/Assessments, all of the 12 projects have these, and they amount to some \$534/yr. on the average; additionally, for the various areas, they amount to the following:

- * CFD No.93-1 IA* MA-Family: \$425/yr.
- * CFD No.93-1 IA* MA-Seniors: \$262/yr.
- * Yucaipa: \$465/yr.
- * Redlands: \$190/yr.
- * Moreno Valley, \$742/yr.

So, the CFD No.93-1 IA* MA for Family and Seniors have Special Taxes/Assessments that are lower than for the projects in the CFD No.93-1 IA* MA and its vicinity, as a whole.

CHARACTERISTICS OF THE CURRENTLY/RECENTLY ACTIVE PROJECTS IN THE CFD NO. 93-1 IA* MA AND ITS VICINITY

Project	Builder	Area	Planned Community	Lot Size	Units	Sold	Sale/Yr.	Price	Area	Price/Area	Special Tax
Mountain Meadows	Omega Homes II	Beaumont	None	6000	130	21	25	\$148,495	1,730	\$85.84	\$600
Rosewood	Dikenson & Son	Calimesa	None	7150	57	20	24	\$168,900	2,089	\$80.85	\$250
Presley/Sun Lakes	Presley Companies	Banning	Sun Lakes	4000	3400	2350	200	\$154,150	1,757	\$87.73	\$262
Four Seasons	Osborne Development	Yucaipa	Green Valley	5000	56	20	30	\$175,110	1,827	\$95.85	\$900
Sunrise Hills	Centex Homes	Yucaipa	None	7200	67	45	30	\$184,990	2,112	\$87.59	\$252
Whisper Ranch	Whisper Ranch Inc.	Yucaipa	None	10000	211	70	35	\$210,445	2,356	\$89.34	\$242
Orchard Run	Yeoman Assoc.	Redlands	None	7600	27	19	25	\$159,990	1,612	\$99.28	\$190
Hidden Oaks	Overland	Moreno Valley	None	5500	139	114	50	\$111,865	1,360	\$82.28	\$852
Melrose	Pacific Century Homes	Moreno Valley	Moreno Valley Ranch	5000	106	15	25	\$169,900	2,571	\$66.08	\$972
Silver Crest	Beazer Homes	Moreno Valley	None	7200	111	26	25	\$173,490	2,157	\$80.43	\$192
Via Del Lago	Pacific Century Homes	Moreno Valley	Moreno Valley Ranch	7200	167	1	30	\$216,490	3,278	\$66.04	\$720
Mirada II	Barrett American Inc.	Moreno Valley	Moreno Valley Ranch	5500	101	77	35	\$234,490	2,755	\$85.11	\$972
Statistical Summary	Projects										
MA - Family	2			6,575	187	41	49	\$158,698	1,910	\$83.34	\$425
MA - Seniors	1			4,000	3,400	2,350	200	\$154,150	1,757	\$87.73	\$262
Yucaipa	3			7,400	334	135	95	\$190,182	2,098	\$90.93	\$465
Redlands	1			7,600	27	19	25	\$159,990	1,612	\$99.28	\$190
Moreno Valley	5			6,080	624	233	165	\$181,247	2,424	\$75.99	\$742
Grand Total/Average	12			6,446	4,572	2,778	534	\$175,693	2,134	\$83.87	\$534

ESTIMATED ABSORPTION SCHEDULES FOR THE ACTIVE AND FORTHCOMING PROJECTS IN THE CITY OF BEAUMONT CFD NO.93-1 IA*

The purpose of this section is to estimate the absorption schedules for the active and forthcoming residential and commercial-retail products in City of Beaumont CFD No.93-1 IA*; accordingly, this is based upon a consideration of the following:

- First, the POTENTIAL DEMAND schedules for the residential and commercial-retail products for CFD No. 93-1 IA* were derived, based upon a consideration of the following:
 - * The growth prospects for the Southern California Market Region, in general.
 - * How much of the Southern California growth the CFD No. 93-1 IA* Market Area is expected to capture, in particular.
 - * The proportion of the Market Area demand that is expected to be captured by the projects in CFD No.93-1 IA*, based upon an evaluation of the competitiveness in the marketplace.

Thus, the result of this analysis is the potential demand for the active and forthcoming residential products in CFD No.93-1 IA*.

- Next, MARKET ENTRY DEVELOPMENT SCHEDULE or the ability of the properties in CFD No.93-1 IA* to respond to this demand is estimated. Accordingly, this is based upon a consideration of the time required for the properties to complete the infrastructure and planning approvals required for them to enter the marketplace. Furthermore, the time required for the builders to construct and deliver the residential products to the homeowners is also considered.
- Then, based upon a consideration of the POTENTIAL DEMAND and the MARKET ENTRY DEVELOPMENT SCHEDULE, the absorption rate for products in each of the market segments is calculated, from the year in which the projects are expected to enter the marketplace, and continuing thereafter on an annualized basis, until all of the units/acres are occupied/utilized.

The application of this algorithm results in Empire Economics absorption schedules for the products in CFD No.93-1 IA*.

Residential Products

- With respect to IA #3, Coscan/Three Rings, the residential products are expected to commence escrow closings in 2001, with the 508 single-family homes being absorbed by 2007, at a rate of some units 73 units per year, on the average.
- With regards to IA #14, Westbrook Oak Valley – Seniors/Age-Restricted, the residential products are expected to commence escrow closings in 2001, with the 1,252 homes being absorbed by 2008, at a rate of some units 157 units per year, on the average.
- With respect to IA #14, Westbrook Oak Valley – Families/Not Age-Restricted, the residential products are expected to commence escrow closings in 2001, with the 908 homes being absorbed by 2009, at a rate of some units 101 units per year, on the average.
- With respect to IA #11, Omega/Sheldon, the residential products are expected to continue their escrow closings in 2000, with the 156 remaining homes being absorbed by 2003, at a rate of some units 39 units per year, on the average.

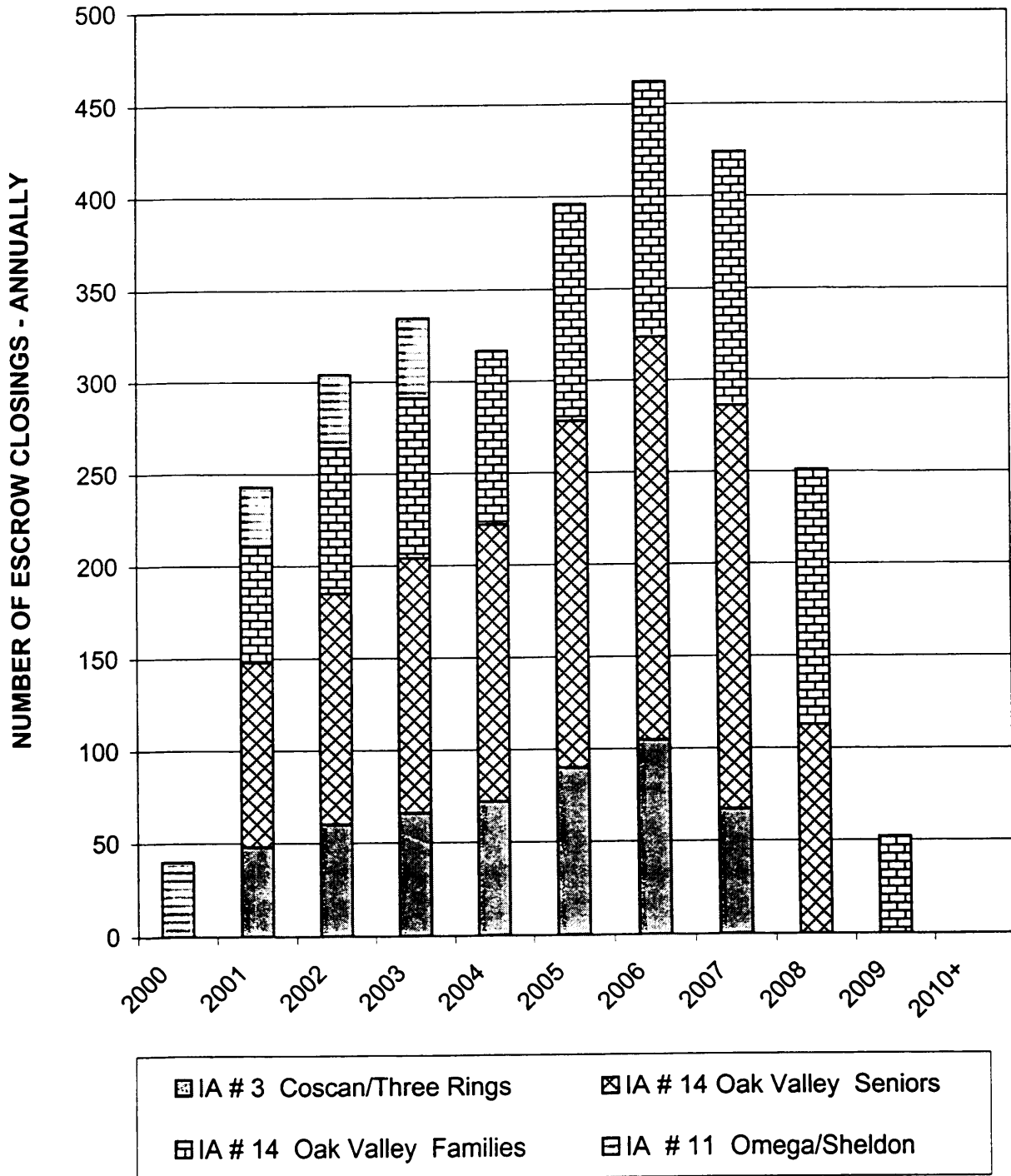
Therefore, for the forthcoming 2,824 residential units in CFD No.93-1 IA*, as a whole, they are expected to attain an absorption rate of some 332 units per year, on the average, during the 2000-2009 time period.

Commercial-Retail

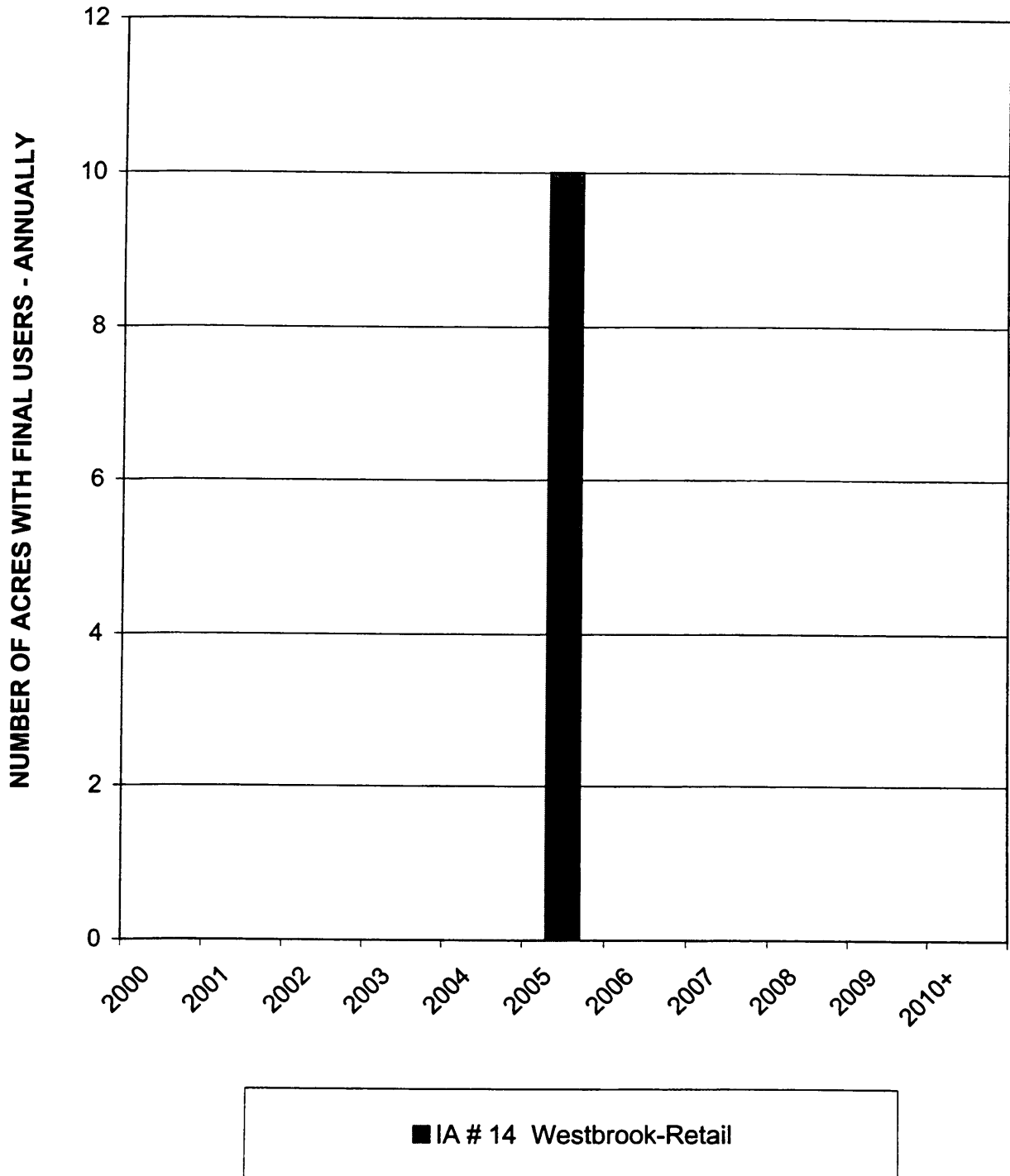
- With regards to IA #14, Westbrook/Oak Valley, the 10 acres for a commercial-retail center is expected to be absorbed in 2005, based upon the threshold levels required to support the retail center.

For additional information on the estimated absorption schedules for the residential and commercial-retail properties/products in City of Beaumont CFD No.93-1 IA*, please refer to the following table and graphs.

ESTIMATED RESIDENTIAL ABSORPTION SCHEDULES FOR THE CITY OF BEAUMONT CFD NO. 93-1 IA*



COMMERCIAL-INDUSTRIAL ABSORPTION SCHEDULES
FOR THE CITY OF BEAUMONT CFD NO. 93-1 IA*



ESTIMATED ABSORPTION SCHEDULES FOR THE CITY OF BEAUMONT CFD NO. 93-1 IA*
Revised: May 10, 2000

Residential								Commercial - Retail				
Improvement Areas >>>		# 3	# 14	# 14	# 11				# 14			
		Coscan/	Westbrook	Oak Valley	Omega/	Totals			Westbrook		Totals	
		Three Rings	Seniors	Families	Sheldon	Annually	Cumul.		Retail		Annually	Cumul.
Development Status												
Units		508	1,252	908	176	2,844			10		10	
Sold		0	0	0	20	20			0		0	
Future		508	1,252	908	156	2,824			10		10	
Share		18.0%	44.3%	32.2%	5.5%	100.0%			100.0%		100.0%	
Remarks		School Site	School Site	School Site								
		Excluded	Included	Included								
		40 - Units										
Product Mix												
Detached		508	877	908	108	2,401						
Attached		0	375	0	48	423						
Apartments		0	0	0	0	0						
Total		508	1,252	908	156	2,824						
Start Escrow Closings		Jan.-2001	Jan.-2001	Jan.-2001	Active							

PRIOR MARKET ABSORPTION STUDY FOR THE CITY OF BEAUMONT: COMMUNITY FACILITIES DISTRICT NO. 93-1 REVIEW OF FORECAST

The purpose of this section is to review the forecasts set-forth in Empire Economics' Market Absorption Study dated April 1993, and provide some remarks as to why the actual absorption experienced in this CFD has been below the expected absorption.

The Market Absorption Study conducted in April 1993 was based upon an economic scenario of the Southern California economy transitioning from the recession of 1991-1993 to a recovery during 1994, and then a normal rate of growth starting in 1995 and continuing thereafter. In retrospect, the Southern California economy did follow this pattern, and so the actual rate of employment growth was achieved.

However, with regards to the level of demand for housing in the Beaumont Market Area, in particular, it did not experience a recovery, as anticipated. In fact, the level of demand for housing in the Beaumont Market Area has remained at a minimal level, and, only recently, has it started to recover.

During the late 1980's and early 1990's various cities in western Riverside and San Bernardino counties, such as Corona and Fontana had growth management plans which, due to the limitations on the number of housing units, resulted in demand shifting easterly, to such cities as Beaumont. However, since the mid-1990's these cities have reversed the growth management policies, and so the number of their housing units has increased significantly. For instance, the City of Corona, in particular, has approved/constructed more than 3,000 new housing units per year during the past several years, as compared to the prior limitation of some 500 units when it had the growth management plan. Consequently, these new Planned Communities in Corona and Fontana have absorbed most of the demand from the employment growth in western Riverside and San Bernardino counties, and so only a minimal amount of demand has moved easterly, towards Beaumont. Consequently, the low level of housing activity in the City of Beaumont since the mid-1990's can be attributed to new Planned Communities entering the marketplace in cities such as Corona and Fontana have absorbed most of the demand for housing, due to their proximity to the Urban Core as compared to Beaumont.

The current Market Study conducted by Empire Economics takes into consideration the additional time that will be required for the demand to shift from the westerly portions of San Bernardino and Riverside counties into the City of Beaumont.

Although Empire Economics regards the recent Market Absorption Study as being a reasonable estimate of the expected absorption for the forthcoming projects in the CFD, no assurance can be given that the absorption will actually attain this level. Accordingly, Empire Economics recommends that the prospective purchasers of the bonds read the Market Study in its entirety, and pay special attention to the assumptions and limiting conditions.

ASSUMPTIONS AND LIMITING CONDITIONS

The Market Absorption Study for the City of Beaumont CFD No.93-1 IA* is based upon various assumptions and limiting conditions; accordingly, these are as follows:

Title to Property

No opinion as to title is rendered. Data related to ownership and legal description, obtained from governmental records related to the formation of the Mello-Roos District forms the basis for identifying the boundaries of CFD No.93-1 IA* are considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report. The property is evaluated assuming to be under responsible ownership and competent management and available for development to highest and best use.

Property Boundaries

No survey or engineering analysis of the CFD No.93-1 IA* property has been made by the market analyst; the District Engineer's report utilized for the Mello-Roos Bond is deemed to be reliable. The market analyst assumes the existing boundaries to be correct, that no encroachments exist and assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises, which might affect the valuation, excepting those items which were specifically mentioned in the report.

Accuracy of Information from Others

In preparing this report, the market analyst was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either expressed or implied, is given by the market analyst for the accuracy of such information and the market analyst assumes no responsibility for information relied upon and later found to have been inaccurate. The market analyst reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Date of Study

The date to which the conclusions and opinions expressed in this report apply as set forth in the study. Furthermore, the dollar amount of any price/value opinion rendered was based upon the purchasing power of the American dollar existing on that date.

Hidden or Unapparent Conditions

The market analyst assumes no responsibility for hidden or unapparent conditions of the property, subsoil, groundwater or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

Opinions of a Legal/Specialized Nature

No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by the market analyst.

Right of Publication of Report

Possession of this report, or a copy of it, does not carry with it the right of publication except for the City of Beaumont and its Bond Financing for CFD No. 93-1. Without the written consent of the market analyst, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with properly written qualification and only in its entirety for its stated purpose.

Soil and Geological Studies

No detailed soil studies or geological studies or reports were made available to the market analyst. Assumptions employed in this report regarding soils and geologic qualities of the subject property have been provided to the client. However, such assumptions are not conclusive and the market analyst assumes no responsibility for soils or geologic conditions discovered to be different from the conditions assumed unless otherwise stated in this report.

Earthquakes and Seismic Hazards

The property which is the subject of this market analysis is within a geographic area prone to earthquakes and seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the market analyst concerning the geologic and/or seismic condition of the subject property. The market analyst assumes no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

Testimony or Court Attendance

Testimony or attendance in court or at any other hearing is not required by reason of rendering this market analysis, unless such arrangements are made a reasonable time in advance of said hearing. Separate arrangements would need to be made concerning compensation for the market analyst's time to prepare for and attend any such hearing.

Maps and Exhibits

Maps, plat and exhibits included in this report are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys, or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from the report.

Environmental and Other Regulations

The property is evaluated assuming it to be in full compliance with all applicable federal, state and local environmental regulations and laws, unless otherwise stated.

Land-Use Regulations and Restrictions

Unless otherwise stated, the subject property is evaluated assuming it to be in full compliance with all applicable zoning and land use regulations and restrictions.

Required Permits and Other Governmental Authority

Unless otherwise stated, the property evaluated is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization that have been or can be obtained or renewed for any use on which the evaluation analysis contained in this report is based upon.

Liability of Market Analyst

The liability of Empire Economics, LLC, the market analyst responsible for this report, is limited to the client only and to the fee actually received by the market analyst. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussion. The market analyst is in no way to be responsible for any costs incurred to discover or correct any deficiencies or any type present in the property--physical, financial, and/or legal.

Presence and Impact of Hazardous Material

Unless otherwise stated in the report, the market analyst did not become aware of the presence of any hazardous material or substance during the market analyst's general inspection of the subject property. However, the market analyst is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the evaluation of the subject property. The evaluation in this report is predicated on the assumption that no such material or substance is present on or in the subject property or in such proximity thereto that it would cause a change in the evaluation analysis. The market analyst assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes that subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

Structural Deficiencies of Improvements

The market analyst has not performed a thorough inspection of the subject property, and except as noted in this report has not found obvious evidence of structural deficiencies in any improvements located on the subject property. Consequently, the market analyst assumes no responsibility for hidden defects or nonconformity with specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, unless inspections by qualified independent professions or governmental agencies were provided to the market analyst. Further, the market analyst is not a licensed engineer or architect and assumes no responsibility for structural deficiencies not apparent to the market analyst at the time of their inspection.

Presence of Asbestos

The market analyst is not aware of the existence of asbestos in any existing improvements on the subject property. However, the market analyst is not trained to discover the presence of asbestos and assumes no responsibility should asbestos be found in or at the subject property. For the purposes of this report, the market analyst assumes the subject property is free of asbestos and the subject property meets all federal, state and local laws regarding asbestos abatement.

Acreage of Property

The acreage has been abstracted from the documents relating to the Mello-Roos District which is assumed to be accurate. If the Assessor's map or legal description is subsequently found to be in error, we reserve the right to amend the market analysis.

Designated Economic Scenario

The Market Absorption Study focuses upon the expected absorption schedules for the products in CFD No.93-1 IA* according to the designated economic scenario. Specifically, this scenario represents the economic and demographic conditions for the Market Region and also the Market Area during the foreseeable future in a realistic-conservative manner which is regarded as being appropriate for the Bond Financing. However, the economic and market conditions which actually materialize on a year by year basis may differ from those presented according to the designated economic scenario, as a result of exogenous factors which are difficult to forecast/quantify. Accordingly, the designated scenario should be utilized as an economic framework for evaluating the marketing prospects of the properties within CFD No.93-1 IA* rather than a "literal" representation of what is expected to occur on a year/year basis during the foreseeable future.

Provision of the Infrastructure; Role of Coordinator

The Market Absorption Study assumes that the governmental agencies that supply public facilities and services, including water, provide these in a timely manner so that the proposed projects in CFD No.93-1 IA* can respond to the expected market demand for their products. Otherwise, if the required infrastructure is not available in a timely manner, then the absorption of the projects could be adversely impacted.

Developers/Builders Responsiveness to Market Conditions

The Market Absorption Study assumes that the developers/builders in CFD No.93-1 IA* respond to the market conditions with products that are competitively priced and have the features/amenities that are desired by the purchasers. This is an especially critical assumption since most of the properties in CFD No.93-1 IA* are currently in an undeveloped condition, and so the specific characteristics of their product types cannot be identified until they actually offer products on the marketplace. Consequently, to the extent that future projects have prices/features that differ from the competitive market standards, then their absorption schedules would need to be modified from those presented according to the designated economic scenario.

Financial Strength of the Project Developers/Builders

The Market Absorption Study assumes that Project developers/builders in CFD No.93-1 IA* (and also their lenders) have sufficient financial strength to adequately fund their projects, including paying their Special Taxes, and that they have sufficient financial reserves which could be utilized to supplement their cash flow positions, in the event that adverse economic or market conditions occur.

Market Absorption Study Timeliness of Results

The Market Absorption Study performs a comprehensive analysis of the relevant land-use, economic, residential market conditions that are expected to influence the marketing success of the properties/projects in CFD No.93-1 IA*. Nevertheless, the Study should be updated on an annual basis, or even sooner, should these land-use and/or economic market conditions change significantly.

APPENDIX D
APPRAISAL REPORT

APPRAISAL OF
Three Ownerships Within
Community Facilities District (CFD) No. 93-1
Series 2000A
(Westside Infrastructure Project)
Beaumont, California

PREPARED FOR
City of Beaumont

PREPARED BY
Len Perdue, A.S.A.
Real Estate Appraiser

Shannon Holsinger, II
Associate Appraiser

Len Perdue, & Associates

Real Estate Appraiser

May 10, 2000

File No. 00-068

City of Beaumont
530 East 6th Street
Beaumont, California 92223

ATTENTION David W. Dillon, Community Development Director

REFERENCE Three Ownerships Within CFD No. 93-1
Series 2000A (Westside Infrastructure Project)
Beaumont, California

Dear Mr. Dillon:

Pursuant to your authorization, I have prepared an appraisal of specific properties located within the above captioned Community Facilities District (CFD). The purpose of the appraisal is to provide the aggregate retail and as-is, "bulk-sale" values for each of the subject ownerships.

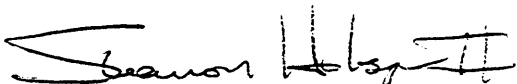
The date of value for this appraisal is **May 1, 2000**. Opinions expressed in the appraisal report rely upon an inspection of the subject properties and an investigation of the environing factors that influence value.

Your attention is directed to the Summary of Values on the following page, as well as the certification and contents of the report that follows.

Sincerely,



Len Perdue, A.S.A.
CA General Certification #AG003101



Shannon Holsinger, II
Associate Appraiser

1566 Seventh Street
Riverside, CA 92507
(909) 686-6470
FAX (909) 686-9271

VACANT PROPERTIES			
OWNERSHIP	CHARACTER	AGGREGATE RETAIL VALUE	DISCOUNTED "BULK-SALE" VALUE
Coscan/Three Rings	508 Future residential units	\$23,030,000	\$13,990,000
Omega Homes	5 Standing inventory units, 110 Future residential units, 25 units sold to end users.	\$8,789,000	\$6,960,000
Westbrook Oak Valley	2,358 Future residential units; 10.47+/- Acres future commercial	\$110,313,000	\$48,445,000
TOTAL PROJECT :		\$142,132,000(R)	\$69,635,000(R)

CFD No. 93-1 SERIES 2000A (WESTSIDE INFRASTRUCTURE PROJECT)

SUMMARY OF VALUES

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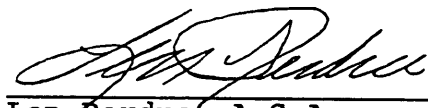
Market Data

CERTIFICATION

Re: CFD No. 93-1 Series 2000A (Westside Infrastructure Project)
Beaumont, California

1. I certify that the appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of Appraisal Foundation.
2. The appraisal assignment was not based on a requested minimum or specific valuation, or on loan approval. I have no financial interest in the loan transaction and do not stand to benefit in any way from the value placed on the property.
3. I have not included a separate assessment of personal property, fixtures, or intangible items that are attached to or located on the real property.
4. Any creative financial or sales concessions that I was made aware of have been adjusted in the comparables of this appraisal.
5. In performing this appraisal, I reviewed all items necessary to obtain a value conclusion. To the best of my knowledge the subject property was not listed for sale at the time of the appraisal inspection.
6. This appraisal was done with an "as is" market value. This is the value of the property in its current physical condition and subject to the zoning in effect as of the current date of value. Additionally, an estimate of "bulk-sale" value has been provided.
7. I certify to have the appropriate knowledge and experience that was necessary to complete this assignment.
8. Sales histories covering a three year period for each ownership are set forth and considered in the body of the report.
9. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
10. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
11. Neither my compensation nor my employment is contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
12. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions expressed herein are based, are true and correct.
13. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.

14. This appraisal report has been made in conformity with and is subject to the requirements of the **Code of Professional Ethics and Standards of Professional Conduct** of the American Society of Appraisers, of which I am a senior member. I am certified under the continuing education program of the American Society of Appraisers through 2001.
15. I have successfully completed all requirements by the State of California and designated as a "Certified General Real Estate Appraiser" (Certificate No. AG003101, valid until October 25, 2000).
16. I have made a personal inspection of the property that is the subject of this report.
17. Unless specified otherwise, the person(s) signing this report received no significant professional assistance in its preparation.



Len Perdue, A.S.A.
Real Estate Appraiser
General Certification #AG003101

May 11, 2000
Dated



Shannon Holsinger, II
Associate Appraiser

May 11, 2000
Dated

LIMITING CONDITIONS

This report is made expressly subject to the following conditions and stipulations:

1. The term "Highest and Best Use" as used herein, is defined as "The reasonable and probable use that supports the highest present value, as defined, as of the date of appraisal. The use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value."
2. The term "Market Value" as used herein, is defined as: "The most probable price in terms of money which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus."
3. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or the applicant, and in any event only with proper qualifications.
4. The Date of Value to which the conclusions and opinions expressed in this report apply is set forth in the Letter of Transmittal. Further, the dollar amount of any value opinion herein rendered is based on the purchasing power of the United States dollar existing on that date.
5. This report assumes no responsibility for matters which are legal in nature.
6. No opinion of title is rendered, and the property is appraised as though free of all encumbrances and the title marketable.
7. No survey of property boundaries has been made. All areas and dimensions used were taken from sources considered reliable, and no encroachment of real property improvements is considered to exist.
8. The appraiser assumes no responsibility for economic or physical factors which may affect the opinions herein stated occurring at some date after the date of the Letter of Transmittal.
9. Information, estimates and opinions furnished to the appraiser and referred to in this report were obtained from sources considered reliable and believed to be true and correct. Verification was made when feasible.
10. The appraiser reserves the right to make such adjustments to the valuation herein reported as may be required by consideration of additional data or more reliable data that may become available.
11. Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.

12. By reason of preparing this appraisal, the appraiser is not required to give testimony, or to be in attendance in court or at any governmental or other hearing with reference to the property, without prior arrangements having been made for such additional employment.
13. No soil report for the subject property was available for review. Therefore, values expressed herein are based upon the land being usable with no extensive adverse soil conditions.
14. No evaluation has been made of mineral rights.
15. **Environmental Disclaimer:** The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and/or environmental conditions on or around the property that would negatively affect its value.

**PROFESSIONAL QUALIFICATIONS
LEN PERDUE, A.S.A.
REAL ESTATE APPRAISER
CALIFORNIA GENERAL CERTIFICATION #AG003101**

PROFESSIONAL:

February 1984 to Present	Self Employed, Fee Appraiser 1566 Seventh Street Riverside, CA 92507
March 1980 to February 1984	Private Consultation & Fee Appraiser while employed with San Bernardino Co.
October 1973 to January 1984	Chief, Appraisal and Acquisition Sections, Real Property Division, San Bernardino County
October 1964 to October 1973	Supervising Appraiser, Assessor's Office - Riverside County

EDUCATION:

Real estate oriented courses involving appraisal and economics at the following institutions:
Riverside City College, Riverside; University of California, Riverside

SPECIAL EDUCATION:

Residential Cost Estimating (SBE)	Income Approach to Value (5A)
Advanced Income Valuation (55) (SBE)	Residential Design
Appraisal of Rural Land (SBE)	Advanced Rural Appraisal (SBE)
Economics of R/of Way Val. (IRWA)	Open Space Lands (SBE)
Discounted Cash Flow Analysis (AIRE)	Relocation Assistance (IRWA)
Business & Intangibles Val.	

DESIGNATIONS:

General Certification, State of California #AG003101
Senior Member, American Society of Appraisers, A.S.A.

EXPERIENCE:

Extensive work in appraisals for condemnations and land-based financings. I have associated in appraisals for financial organizations, corporations, attorneys-at-law, private parties, and various public agencies. My appraisal experience includes determinations of fee simple, leased fee, leasehold, and sandwich leasehold interests in various type of real property, including:

RESIDENTIAL

Residential lot, acreage, subdivision (existing and proposed), single family residence, planned unit development unit, condominium unit, small residential income (2-4 units), apartment complex, planned unit development project, condominium project.

EXPERIENCE (CONTINUED):

COMMERCIAL

Vacant commercial land, acreage, subdivision, stand-alone office/retail, strip center, shopping center (neighborhood and regional), multi-tenant/mid-rise office, hotel, motel, assisted living/convalescent care facility, new/used car sales lot, coin-operated car wash, automatic car wash, mini-lube, auto repair, golf course, bank branch, dairy farm, movie theater, promenade, fast-food drive-thru, walk-up, and dine-in restaurant, convenience store, mini-mart, service station

INDUSTRIAL

Vacant industrial land, acreage, subdivision, industrial building, industrial park, industrial condominium unit, open storage, mini-storage, concrete batch plant, warehouse building, manufacturing building,

INSTITUTIONAL

Open space, wildlife preserve, recreation area, airport, school site, Head Start program matching funds, Mello-Roos land-based financing, assessment districts, eminent domain, historical landmark, Quimby fee determination, landfill, fire station, sheriff training facility

NOTABLE PROPERTIES

Holiday Inn Hotel, Riverside California. Gateway of The Americas (NAFTA designated border crossing), Calexico, California. Virginia Dare Winery (historical property), Rancho Cucamonga, California. Assessment District 159 (largest in state), Temecula, California. Desert Hills Factory Outlets, Cabazon, California. Birch Street Promenade, Brea, California.

Analysis of these types of property have been performed for various purposes, including lending/purchasing decisions, eminent domain actions, land-based financing, equity-based financing, property tax appeal, charitable contribution, partnership formation/dissolution, divorce, self-insurance, negotiation, and estate planning.

GEOGRAPHICAL SCOPE:

CURRENT

Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Imperial, California

HISTORICAL

Real estate consultive and appraisal services performed in California, Arizona, Florida, Ohio, and Michigan

QUALIFIED: Expert witness on Valuation in:
Superior Court of Riverside, Superior Court of San Bernardino, Federal Bankruptcy Court, San Bernardino, Federal Bankruptcy Court, Los Angeles, Municipal Court, Riverside County

**LEN PERDUE AND ASSOCIATES
REAL ESTATE APPRAISERS
LIST OF CLIENTELE**

Financial Institutions

Stone & Youngberg, Vineyard National Bank, Chilton O'Connor, De Anza National Bank, Upland Bank, Valley Independent Bank, Pacific Federal Savings & Loan, Commonwealth Mortgage, First Trust Bank, Mason McDuffie, Medallion Mortgage, Provident Savings & Loan, Inland Empire National Bank, Funders Mortgage, Security Pacific National Bank, Imperial Savings & Loan, Wells Fargo Bank, Weyerhaeuser Mortgage, Crocker Citizens National Bank, Merabank Corporation, Investors Mortgage, Drexell Burnam, Fidelity Federal Savings, EastWest Bank, Riverside National Bank, First Interstate Bank, Queen City Bank

Attorneys

Best, Best & Krieger
Latham & Watkins
Reid & Hellyer
Gresham, Varner & Savage
Luce, Forward, Hamilton & Scripps
Cadwalader, Wickersham & Taft
Bowie Arneson Kadi Wiles & Giannone

Redwine & Sherrill
Ruttan & Tucker
Rutter, O'Sullivan, Green & Hobbs
Chase, Rotchford, Drukker & Bogust
Robert Waldron
Tuttle & Taylor

Public Agencies

FEDERAL

Federal Deposit Insurance Corporation (FDIC)

STATE

State of California Department of Justice, University of California

COUNTY

County of Riverside, County of San Bernardino, County of Imperial, Riverside County Flood Control and Water Conservation District, Riverside County Redevelopment Agency, San Bernardino Associated Governments, Riverside County Office of Education, Housing Authority of the County of Riverside

CITY

Cities of Riverside, Ontario, Rialto, Norco, Rancho Cucamonga, Big Bear Lake, Chino, Chino Hills, La Quinta, Lake Elsinore, San Bernardino, Temecula, Hesperia, Coachella, Palm Springs, Palm Desert, Banning, Montclair, Brea.

SCHOOLS

Riverside Unified School District, Perris Union High School District, Nuview School District, Elsinore Union High School District, Jurupa Unified School District, Rim of the World School District, Moreno Valley School District, Menifee School District, Redlands Unified School District, Nuevo School District.

UTILITIES

Elsinore Valley Municipal Water District, Western Municipal Water District, Eastern Municipal Water District, Big Bear Municipal Water District, Riverside CSA 151.

Private Firms

Coldwell Banker Relocation, Core-mark International, Prudential Relocation, TransAmerica Relocation, Equitable Relocations, TMP Properties, Neste, Brudin & Stone, Thrifty/Payless Drugs, The Lusk Company, Sterling Builders, Canaday & Company, Moss Motors, Holiday Inn Hotels, Bramalea California, Richmond American, Devere Anderson Enterprises, Covington Homes, Stater Brother Markets, High Desert Engineering, Albert A. Webb & Associates, Rod Gunn & Associates, CalMat Concrete

INTRODUCTION

Subject Property: Community Facilities District 93-1 is situated in western Beaumont, near the intersection of State Route 60 and Interstate 10, and encompasses 14 improvement areas (one for each major property owner in the district). This analysis includes a portion of the original district encompassing three improvement areas. Properties appraised in this analysis includes 3,241 future single family residences in various stages of development, and currently held under three ownerships, as well as approximately 10 acres of land scheduled for future development to commercial use.

This appraisal analysis considers the areas of vacant, semi-developed, and fully developed properties within the district as they were on the date of value, which is May 1, 2000.

Each of the ownerships within the district are described in detail within their individual sections of this report. The status and composition of each ownership, in summary, as of the date of value is set forth on the following page.

OWNERSHIP	DESCRIPTION
Coscan 3 Rings Ranch	508 planned future residential units, 354 of which are tentative map lots, and 154 are considered to be finished lots. The additional 40 lots are presently allocated for use as a school site, but are considered in this analysis as potential unfinished residential units.
Omega Homes II	Currently under construction, this ownership consists of 5 units of standing inventory (homes more than 80% complete pending sale to end users), 7 additional finished lots, and 103 unfinished lots slated for future development. Twenty five additional units have been constructed and sold to end users.
Westbrook Oak Valley	The largest ownership in the portion of CFD 93-1 covered in this analysis, Oak Valley is divided into three distinct development subareas, including 908 unfinished residential lots, a 1,450-unit age-restricted (retirement) community consisting of unfinished, tentative lots, and a 10.47+ acre parcel of land zoned for future commercial development.

CFD No. 93-1 Series 2000A
(Westside Infrastructure Project)
OWNERSHIP SUMMARY
AS OF May 1, 2000

Purpose of the Report: The purpose of this report is to estimate the aggregate retail value of each ownership in its "as-is" condition, as well as a discounted present value of each of the properties assuming a reasonable absorption period and bulk sale of finished lots, where applicable.

Property Rights Appraised: The property rights appraised in the subject valuation are fee simple and assume a marketable title for all the properties.

Scope of the Appraisal: In the course of this assignment, I have inspected the subject property, including a physical inspection of each of the sites to determine the number, type, and location of each of the properties within the four active ownerships. I have reviewed the zoning and general market of the district, determined comparable areas to research property transactions, investigated sales of residentially and commercially-zoned properties. I have also interviewed tract agents regarding current listings and the general state of the local market, analyzed the raw data obtained and confirmed the sales utilized in this report by interviewing principals or agents of the transactions where possible. The developers of the active tracts were solicited for specific information regarding development costs, anticipated profit, and historical sales data.

I have also investigated the market and development activities of the communities and neighborhoods which impact the subject properties.

Market Value Defined: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are typically or well advised, and each acting in what he considers his own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

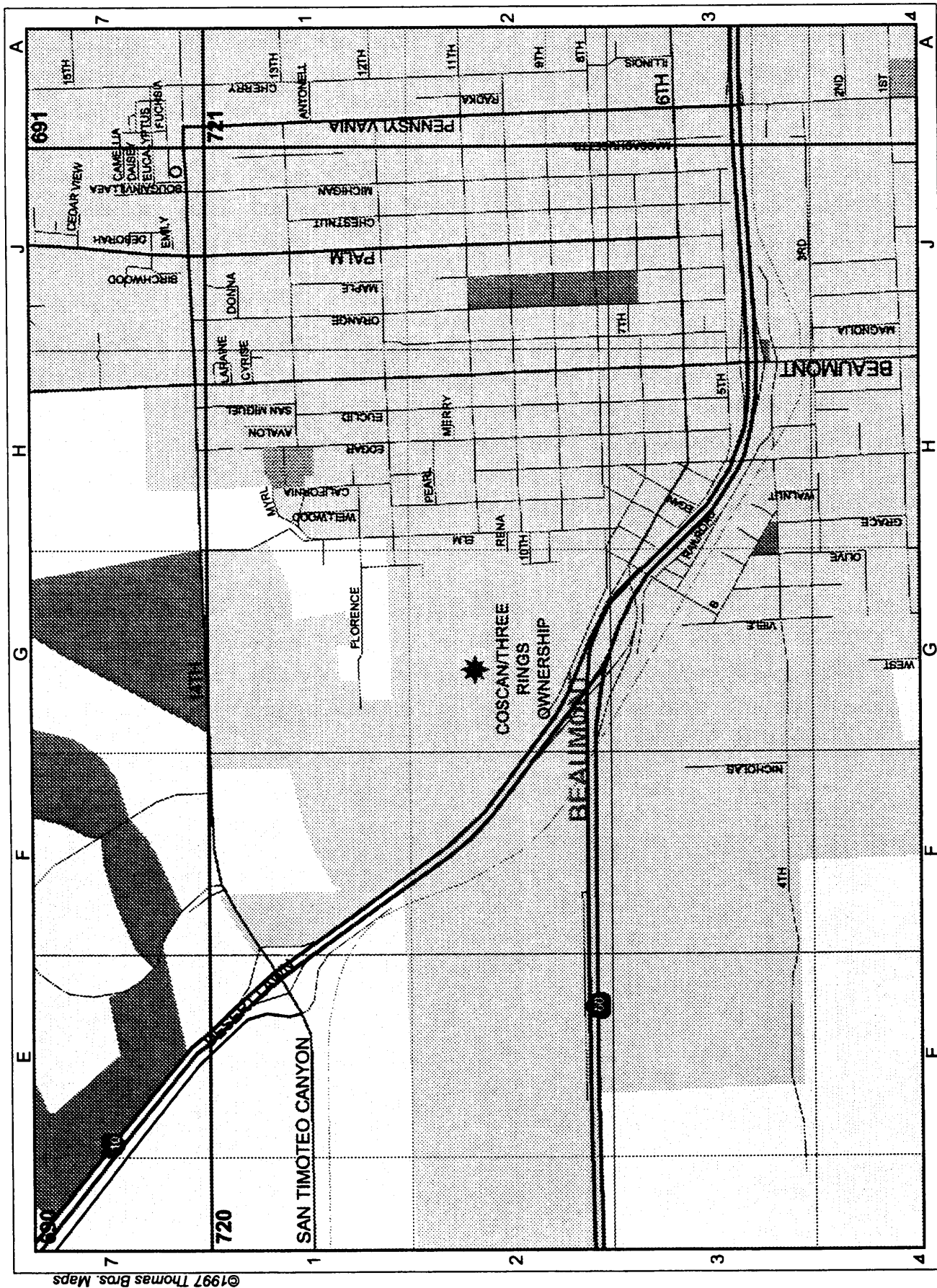
Highest and Best Use Defined: The term "highest and best use" as used herein is defined as: "The reasonable and probable use that supports the highest present value, as defined, as of the date of the appraisal. The use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest present land value."

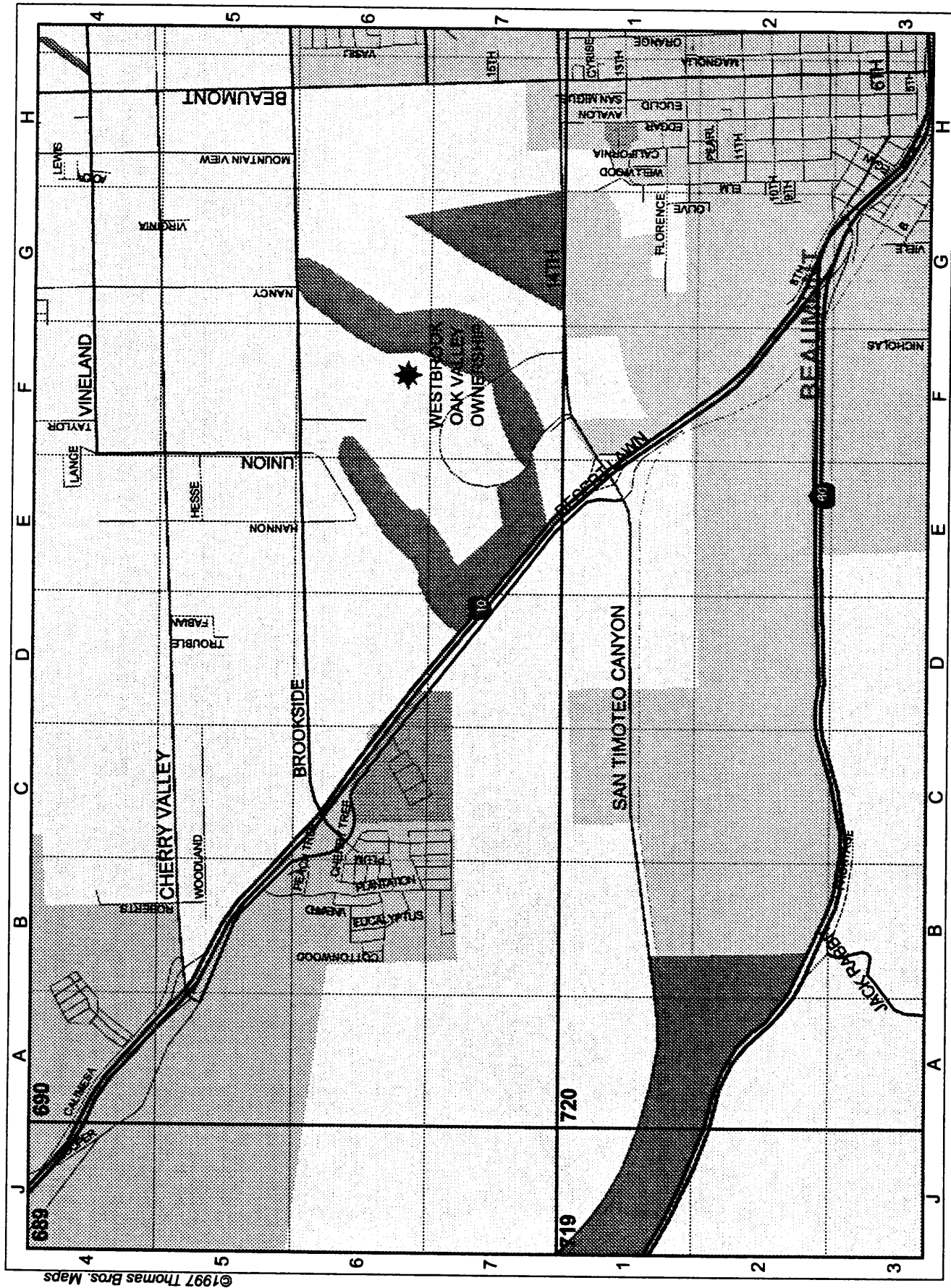
REGIONAL DATA

Information pertaining to the regional and local demographics and market conditions relevant to the subject district is provided in a study by Doctor Joseph Thomas Janczyk of Empire Economics, entitled "Market Absorption Study, Community Facilities District No. 93-1 (Improvement Areas: #3, #11, and #14)." A copy of Dr. Janczyk's study is incorporated in the addenda section of this report, and was relied upon in making conclusions regarding area market conditions, and anticipated absorption of undeveloped properties.

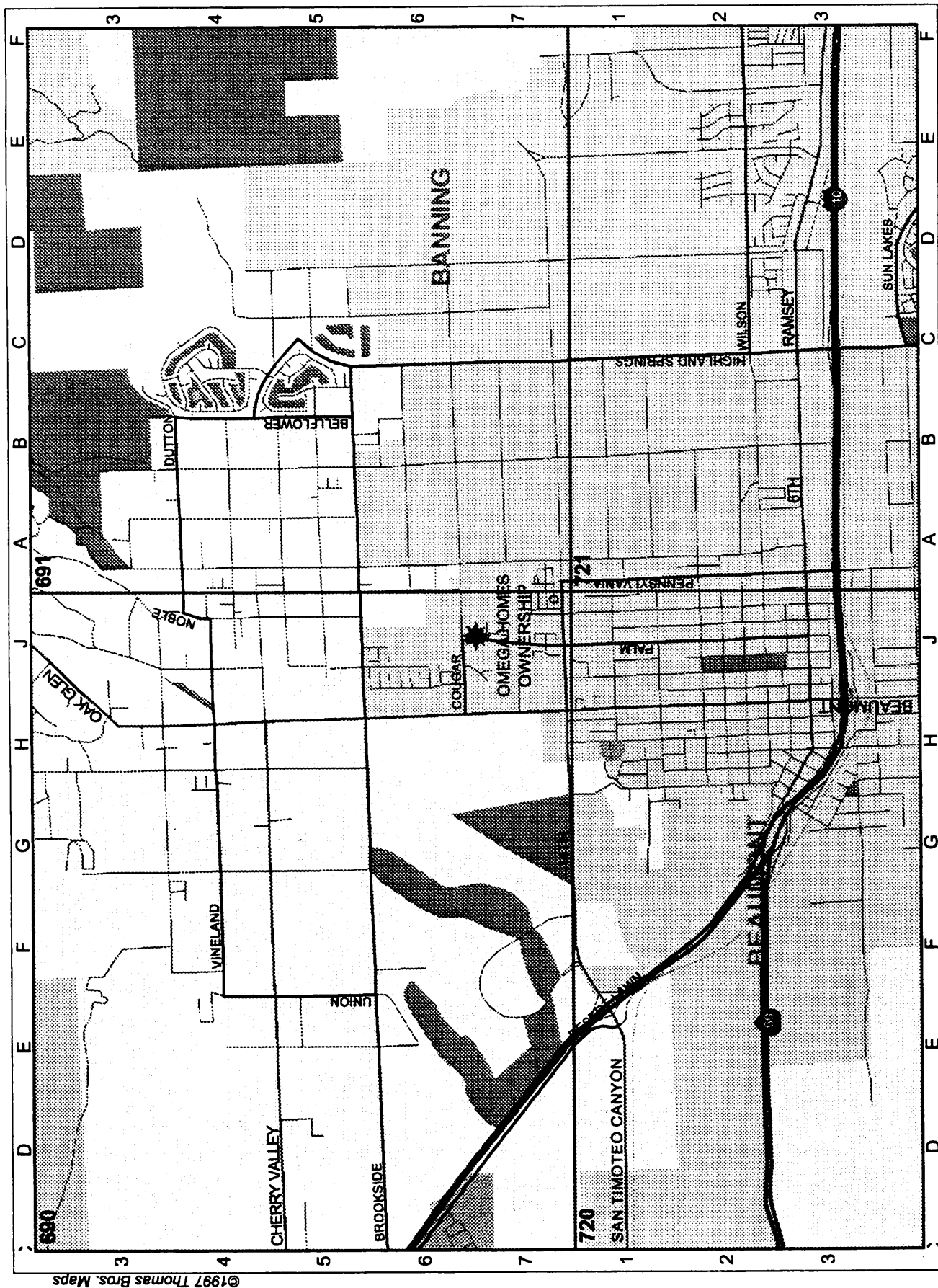
To synopsise Dr. Janczyk's study as it relates to the market within the subject background, the area is in a period of recovery after recessionary decline, and projects within CFD 93-1 are anticipated to remain competitive with competing developments in surrounding districts and communities. Recent market activity and demand have increased dramatically in recent months after a period of recessionary ebb. Demand is anticipated to remain strong into the foreseeable future.

Conclusions: Dr. Janczyk's conclusions appear reasonable based upon his analyses and the data presented. Ongoing evidence of economic recovery is noticeable throughout the greater Inland Empire, lending further support to the conclusion that demand is anticipated to remain stable to increasing into the foreseeable future.





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HIGHEST AND BEST USE

Highest and best use of a property is defined as:

"The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of appraisal.

The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in highest present land value."

The above definition sets the standards an appraiser must follow in the estimation of highest and best use. One must consider all possible uses for the property and ascertain those uses which are legally permissible, physically possible, and financially feasible. The appraiser must then determine that use which appears to result in highest land value.

Highest and best use of the subject properties are analyzed both as vacant and as improved, where the discussion of as improved is appropriate. The discussion of highest and best use as though vacant considers the subject properties as vacant land, and the discussion of highest and best use as improved analyzes whether or not the existing facilities on the appropriate subject parcels constitute highest and best use. Comments regarding the categories of comparison follow.

HIGHEST AND BEST USE AS VACANT

Assumptions regarding the legal considerations are based on review of approved tentative tract maps for each of the subject ownerships and entitlements allowed by the City of Beaumont through their review process. Densities analyzed for each of the ownerships are based upon those approved by the City. While it is considered feasible that ultimate densities could be altered during development of the respective ownerships, such alterations are typically not made unless there is both adequate financial incentive for the developer and any proposed alteration is consistent with the development standards held by the city. As the specific future use of all properties within the project has already been legally defined by the

City of Beaumont, and the economic analysis of the subject and surrounding districts provided by Dr. Janczyk indicates that demand is adequate to support development, it is my opinion that the highest and best use of the subject properties, as vacant, would be development to their designated use within the plan and in accordance with Dr. Janczyk's absorption schedule.

Omega Homes Ownership: The original development plan for this ownership included a portion that was to be developed to multiple family residences. Such a use is typically more profitable to the developer, when feasible, due to the higher achievable density of units. It is considered too speculative to include the higher density of these apartment units in this analysis. Rather, an alternative density of single family residential units is considered in place of the multi-family units.

The alternative use of this portion of the ownership is considered most likely given current economic conditions, and is the basis upon which this ownership is valued.

APPROACH TO VALUE

The uses valued in this report consist of vacant residential land slated for future subdivision and development as well as vacant commercial land. Each required a somewhat different type of analysis.

VALUATION METHODOLOGIES:

The methodology used in the valuation analysis included the Sales Comparison Approach and the Discounted Cash Flow Analysis, which is a variation of the Income Capitalization Approach. The definitions of these approaches are as follows:

Sales Comparison Approach: In this Approach, the subject property is compared to similar properties which have recently sold. Differences between the subject and the comparable sales are analyzed and appropriate adjustments are made to the sales prices of the comparables based on the elements of comparison.

Income Capitalization Approach: In this Approach, the anticipated benefits to be received from the subject property are converted into an indication of property value. This is accomplished either by capitalizing the income expectancy from a single year or an average of several years utilizing an appropriate rate or by discounting annual cash flows over the holding period utilizing an appropriate yield rate.

The **Development Approach** is a variation of the Income Approach, whereby the costs of development and the probable proceeds from the sale of developed sites is discounted over the period of estimated sellout.

The Replacement Cost Approach was not considered applicable to the valuation of any of the subject properties as this method does not accurately relate to the discounting of revenues and expenses over the period of absorption.

NOTE: There are a number of properties scheduled for development in the subject ownerships that will potentially accrue view or size premium amenities. The achievable premium for such amenities varies from property to property, and is largely dependent upon the character and price range of the base residential product being developed. There is as yet an inadequate historical sales record from which to determine market response to and tolerance of premium lot amenities. As such, no premiums are considered in this valuation, as it is considered impossible to accurately determine the degree of view or location that would be applicable to any specific property without a physical inspection of that property and an historical market trend in the immediate background. Therefore, in the interest of conservatism, no value premiums are considered for variances in view or size.

RESIDENTIAL VACANT LOTS:

Transactions of residential lots occurring in the subject and similar competing districts were utilized in the determination of a finished lot value for the subject properties using the Sales Comparison Analysis Approach.

Impact of Mello-Roos Tax Encumbrance When a lot in CFD 93-1 is improved with a residence and sold, the homeowner assumes the tax burden. The net effect on the purchaser appears in the form of buyer resistance due to a significantly higher property tax burden. In the case of this analysis, sales utilized were encumbered with similar assessments, and thus reflect the net effect on value to the developer and end user.

Lot Construction Costs: The developmental status of the lots in the various ownerships ranges from raw to finished. To arrive at an "as is" retail value for each of the ownerships which reflects the differing stages of development, we have deducted the construction costs attributable to each ownership from the estimated unencumbered finished lot values.

Raw Land: Vacant land within the subject district consists of the 10+/- acres of commercial use property in the Westbrook Oak Valley ownership. The remainder of the in the district is considered to include finished and unfinished (tentative) residential lots. The commercial land is valued using the Sales Comparison Analysis Approach.

DISCOUNTED CASH FLOW ANALYSIS:

This analysis has been used to determine the "Bulk Sale" value of the subject properties that are subject to an extended marketing or absorption period, as determined in Dr. Janczyk's study. The approach is a variation of the Income Approach and is used when a relatively long holding (sellout) period is anticipated for the subject property.

LAND VALUE - Residential Land Uses

Land is valued as if vacant and available for development to its highest and best use. Similar land recently sold or offered for sale is analyzed and comparisons made for such factors as size, location, physical characteristics, and prospective use. A search of County records and discussions with area developers and real estate agents produced the transactions which have been utilized in this report. The value conclusions set forth in the land valuation analysis are then applied to the appropriate properties within each ownership.

Finished Residential Lots:

Existing and proposed finished residential lots within the subject ownerships are valued using the Sales Comparison Analysis, which values the subject lots by direct comparison to sales involving residential lots in the subject and surrounding district.

Following is a brief summary depicting the more pertinent aspects of the transactions selected for this analysis. A complete description, including the transaction recording data, is included in the Market Data Section of this report.

DATA NO.	LOCATION	# OF LOTS/ SPECIAL TAX/UNIT	SALE DATE	SALES PRICE	PRICE/ LOT	PRICE/ FINISHED LOT
1	Between Ironwood Avenue and Hemlock Avenue, West of Kitching Street, Moreno Valley	111 Units \$408/Unit	11/98	\$884,500	\$7,968	\$49,968
2	Gilbert Avenue/Fullerton Avenue, Corona	165 Units \$212/Unit	08/98	\$7,000,000	\$42,424	\$80,424

3	NWC Pioneer Avenue & Church Street, Redlands	33 Units \$384/Unit	10/99	\$800,000	\$24,242	\$64,242
4	Bedford Canyon Rd., SW of Interstate 15, Corona	157 Units \$376/Unit	08/99	\$10,000,000	\$63,694	\$75,694

Data No. 1: consists of 111 proposed residential lot in an approved tentative map in the City of Moreno Valley. Estimated cost to finish was \$42,000 per lot, which provides a finished lot value indication of \$50,000(r) per lot. The transaction took place in November 1998 for \$884,500, under cash terms. Average lot area is approximately 5,000 square feet.

Data No. 2: represents the sale of 165 proposed tentative lots situated in the City of Corona. This transaction took place in August 1998 for \$7,000,000, which equates to \$42,424 per lot. Estimated cost to finish the lots was \$38,000 per unit, indicating a finished lot cost of \$80,500(r). Terms of this transaction consisted of cash. Average lot area is 7,200 square feet.

Data No. 3: is a 33 lot subdivision situated at the intersection of Pioneer Avenue and Church Street in the City of Redlands. Average lot area is 7,200+/- square feet, and the lots were in tentative condition as of the date of sale. This transaction was completed in October 1999 for \$800,000, which equates to \$24,242 per tentative lot. Estimated cost to complete was \$40,000 per unit, indicating a finished lot cost of \$64,000(r) per unit. Terms of this transaction were cash.

Data No. 4: Is a 157 lot subdivision situated in the Corona Country Club, along the I-15 corridor in southern Corona. This property sold in August 1999 for \$10,000,000, which equates to \$63,694 per partially finished lot. Estimated cost to finish was approximately \$12,000 per lot, indicating a finished lot cost of \$75,500(r). Terms of this transaction were cash. Average lot area is 8,000 s.f.

ANALYSIS Unit values produced by the foregoing sales range from \$7,968 to \$63,694 per lot "as-is," or \$49,968 to \$80,424 in finished condition. Average lot sizes range from 5,000 to 8,000 square feet. Comments relative to the comparisons within the specific categories identified are included in the following paragraphs:

Sales Conditions/Cash Equivalency: Applicable adjustments within this category of comparison reflect unique or special terms in an individual transaction which may have an effect on the sales price. For example, unique or creative financing (usually provided by the seller) can, at times, result in a higher sales price than the seller would have received if the transaction had been all cash. Properties owned by financial institutions, "REO's," are typically offered at a discount. Residential land in the subject and neighboring districts typically transfers under terms ranging from as little as 10 percent cash down to all cash. The terms of all the transactions were within these parameters.

Market Conditions: Adjustments relative to "Market Conditions" consider any change in the market which may have occurred from the transaction dates of the comparable sales to the date of the report. In recent months, evidence of positive increments in value in the housing market has come to light, and with it stabilization of residential lot values. Although it is anticipated that land values will continue to increase into the foreseeable future as demand for new homes continues, there is insufficient evidence to warrant positive time adjustment to the data utilized in the relatively short period of time that has elapsed since their respective dates of purchase. Therefore, no adjustment for time considerations are considered warranted to the comparable data.

Location: The subject project is situated with good exposure to freeways, and shopping and services are available. The golf amenities in the area are considered a premium demand factor that Dr. Janczyk anticipates will factor in keeping demand high for properties in the district. As such, the subject ownerships are not considered as comparable to nearer residential tracts with lesser locational advantages as they are to developments in more heavily populated areas with similar locational and/or recreational advantages. There is, however, an inherent risk in the fact that there are limited historical sales in the subject project, and that, despite its potential, the project remains at the present in a semi-

rural locale. As such, comparables Two through Four are considered superior to the subject in terms of location, and require downward adjustment to reflect their location in more established communities. Comparables Three and Four are considered superior to the subject in terms of their location in south Corona. South Corona, situated approximately thirty miles to the southwest of the subject, has an established reputation as an executive bedroom community and is nearer to employment centers in Orange County (which are approximately 20 miles from south Corona, and approximately 50 miles from the subject district). Comparable One is considered similar to the subject in terms of location, and requires no adjustment for this factor.

Lot Size: The comparable data show little value fluctuation for the differences in average lot sizes. As a result, no adjustments are made for this factor. As explained in the Approach to Value section of this report, potential premiums for lot size and/or view are recognized in each of the subject ownerships, but have not been established by an adequate historical sales base and, in the interest of conservatism, are not considered in this analysis.

Stage of Development: All sales transferred as "partially finished" lots. In each case, a principal was interviewed to determine the estimated cost to finish the lots. Generally, an estimate was provided for this cost. The estimate in each case appeared reasonable, and was utilized to determine the finished lot cost for each of the comparable properties.

Conclusions Sales Comparison Analysis: After adjustment for all relevant differences in characteristics, the comparable sales produce an indicated value range of \$52,466 to \$64,339 per subject finished lot. The data form a tight value band and are considered good supporting indicators. Therefore, it is my opinion that the subject finished lots would have value equivalent to **\$60,000 per unit.**

LAND VALUE - Commercial Land Uses

Land has been valued as if vacant and available for development to its highest and best use. Similar land recently sold or offered for sale is analyzed and comparisons made for such factors as size, location, physical characteristics, and prospective use. A search of County Records and interviews with persons familiar with real estate trends has produced a number of transactions involving vacant land in the subject and nearby, competing districts.

Following is a brief summary depicting the more pertinent aspects of the transactions used in this analysis. A complete description, including the transaction recording data, is located in the Market Data Section of this report.

<u>DATA NO</u>	<u>LOCATION</u>	<u>LAND AREA</u>	<u>SALE DATE</u>	<u>SALE PRICE</u>	<u>PRICE/ S.F.</u>
5	NS Sunnymead Blvd. E/of Frederick St. Moreno Valley	2.500	11/99	\$ 770,000	\$ 7.07
6	SS Hemlock Avenue W/of Perris Blvd. Moreno Valley	1.722	07/99	\$ 300,000	\$ 4.00
7	SS Ramsey Street E/of Eighth Street Banning	1.580	08/99	\$ 275,000	\$ 4.00
8	NS Ramsey Street E/of Highland Springs, Banning	0.964	04/99	\$ 150,000	\$ 3.57

Data No. 5: is a 2.50 acre commercially zoned site situated along the northern side of Sunnymead Boulevard, east of Frederick Street in the City of Moreno Valley. This property is adjacent to the eastbound traffic lanes of the SR-60 Freeway, and is situated on a premium commercial thoroughfare in the city. Sale occurred in November 1999 for \$770,000, which equates to \$7.07 per square foot of land area. Terms of this transaction consisted of a 50% cash down payment, and a private first trust deed, carried by the seller, for the remainder.

Data No. 6: is a sale of a 1.72 acre site of commercial land situated along the southern side of Hemlock Avenue, west of Perris Boulevard, in the City of Moreno Valley. This site enjoys moderate traffic exposure in the Moreno Valley area. It sold in July 1999 for \$300,000, which equates to \$4.00 per square foot of lot area. Terms of this transaction consisted of cash. This property was purchased by the city (from an open market listing) to facilitate the development of a fire station.

Data No. 7: is situated along the southern side of Ramsey Street, with secondary access along Eight Street, in the City of Banning. This "T" shaped assemblage totals 1.58 acres, and enjoys adjacency to the westbound offramp from Interstate 10 at Eight Street. Zoned C2, this property was purchased to facilitate the construction of a retail building. It sold in August 1999 for \$275,000, which equates to \$4.00 per square foot of lot area. Terms of this transaction consisted of cash, and the property was an REO transaction.

Data No. 8: is situated along the northern side of Ramsey Street, east of Highland Springs, in the City of Banning. This 0.96 acre site was purchased in April 1999 for \$150,000, which equates to \$3.57 per square foot of land area. Terms of this transaction consisted of a 30% cash down payment, and a private first trust deed, carried by the seller, for the remainder. Zoning is C2.

Analysis: Unadjusted unit values range from \$3.57 to 7.07 per square foot. Comparables are adjusted for significant differences in areas such as size, location, access, and prospective use. Comments regarding the categories of comparison follow.

Market Conditions: Analysis of the comparable sales indicates a significant decline in commercial vacant land occurring in the subject and competing districts in recent years, followed by an indication of increased demand and positive increments in value. The increase in speculative interest in vacant land in the area is evidenced by the increased volume of sales occurring in the past twelve month period, and the fact that all comparable data span a period of seven months. Continuing indicators of recovery and absorption of existing space in the area have been in evidence throughout the past year. While current trends indicate an increase in land values, there is at this point insufficient evidence to justify

upward time adjustment. Rather, the market is considered relatively stable at the present time, and no adjustments are considered warranted.

Lot Size: Significant differences in lot size are considered, as larger lots tend to sell for lower unit values, and vice-versa. The commercial acreage in the subject district is of suitable size for subdivision, however, to accommodate market demand. Since the cost of subdivision is included in the land development costs for the subject property, no adjustment is considered warranted for lot size in this part of the analysis.

Location: Comparable Five is situated on an established commercial thoroughfare and enjoys freeway exposure. It is considered superior to the subject, and requires downward locational adjustment. Comparable Seven enjoys limited freeway exposure, but is in a secondary commercial district, and is considered generally similar to the subject in terms of location. Likewise, Comparables Six and Eight are situated in secondary commercial districts, and are considered generally similar to the subject in this regard.

Offsite Utilities, Zoning, and Topography: All properties are similar to the subject in terms of offsite improvements, and all are on paved roads. No adjustment is required for any of these factors.

Cash Equivalency: Commercial properties in the subject and neighboring districts typically transfer under terms ranging from as little as 5% cash down to all cash. Interest rates on financing range from 8.5% to 11%. All of the transactions listed above transferred for amounts and terms consistent with these typical parameters, and therefore are considered cash equivalent transactions. No unique or creative financing methods which would distort the sales price was utilized in the transfer of any of the sales data used in this analysis.

Conclusions: Comparables Six, Seven, and Eight are considered most similar to the subject commercial parcel (assuming subdivision), and are given the greatest weight in its valuation. Comparable Five is situated in a prime commercial location and is considered an upper level indicator.

Based on the foregoing analysis, it is my opinion that the value of the subject commercial land is equivalent to \$4.00 per square foot in finished condition.

DISCOUNTED VALUE

This analysis recognizes the discount applicable to a bulk sale of the vacant land located within the subject development that is scheduled for subdivision and eventual development for sale to an end user. The projected cash flow from the sale of the subject properties to ultimate users at retail value levels is discounted for the period of time estimated for complete absorption and basically recognizes the time value of money.

Procedural steps in the analysis are as follows:

1. Estimate a reasonable period of time for absorption of the project.
2. Estimate the revenue to be received over the period of absorption.
3. Estimate the holding and selling costs, including general and administrative, sales commissions, marketing and property taxes.
4. Estimate the applicable rate for discounting.

ABSORPTION

Absorption rates for the subject district have been determined by Dr. Joseph Janczyk of Empire Economics in his study entitled "Market Absorption Study, Community Facilities District No. 93-1 (Improvement Areas #3, #11, and #14)," dated April 2000. A copy of Dr. Janczyk's study is included in the addenda section of this report.

The absorption study includes the forthcoming residential subdivisions in the subject ownerships, as well as the commercial and vacant land parcel held in the Oak Valley ownership.

Anticipated future absorption of these properties, as stated in the absorption study, are summarized as follows:

COSCAN THREE RINGS RANCH		
YEAR	UNITS SOLD	UNITS REMAINING
2000 Remaining	0	508
2001	48	460
2002	60	400
2003	66	334
2004	72	262
2005	90	172
2006	105	67
2007	67	0

***NOTE:** Dr. Janczyk does not include the 40 additional units that are presently scheduled for school site development in this schedule. In the discounted value analysis, these units have been added to the final year (2007) of absorption to represent either development to residential use or bulk sale to a merchant builder.

WESTBROOK OAK VALLEY

The Westbrook Oak Valley ownership is segregated into three distinct subgroups, both in Dr. Janczyk's study and in this analysis. The first group consists of 908 residential lots, the second of 1,450 age-restricted units, and the third of 10+/- acres of commercially zoned land. Absorption schedules provided by Dr. Janczyk for each subgroup of this ownership are set forth in the following tables.

WESTBROOK OAK VALLEY (Non-age Restricted)		
YEAR	UNITS SOLD	UNITS REMAINING
2000 Remaining	0	908
2001	63	845
2002	79	766
2003	87	679
2004	95	584
2005	118	466
2006	138	328
2007	138	190
2008	138	52
2009	52	0

WESTBROOK OAK VALLEY (Age-Restricted)		
YEAR	UNITS SOLD	UNITS REMAINING
2000 Remaining	0	1,252
2001	100	1152
2002	125	1027
2003	138	889
2004	150	739
2005	188	551
2006	219	332
2007	219	113
2008	113	0

NOTE: The entitled density for the age-restricted units in the Oak Valley ownership is 1,450. For the purposes of this analysis, Dr. Janczyk's table is adjusted in 2008 to reflect continued maximum annual absorption of 219 units, and extrapolated to 2009 to reflect a maximum annual absorption of 219 units. In 2010, the remaining units in this portion of the ownership are included to reflect a bulk-sale to a merchant builder after a ten year holding period.

WESTBROOK OAK VALLEY COMMERCIAL LAND		
YEAR	ACRES SOLD	ACRES REMAINING
2000 Remaining	0	10
2001	0	10
2002	0	10
2003	0	10
2004	10	0

OMEGA HOMES		
YEAR	UNITS SOLD	UNITS REMAINING
2000 Remaining	40	116
2001	32	84
2002	40	44
2003	44	0

NOTE: Dr. Janczyk's study includes the multi-family units currently planned in the ownership. For the purposes of this analysis, the multi-family units have been converted to single family units, thereby reducing the density of the entire ownership to 140 units.

LAND DEVELOPMENT COSTS:

Many of the future residential units in the ownerships that are subject to discount reflect either partially finished lots, or undeveloped land. The cost to complete each lot prior to sale is deducted from the finished lot value to arrive at an "as-is" value for each of the future residential parcels. This cost estimate is based upon interviews with the developers, as well as the comparable sales utilized in this report, and engineers cost estimates provided for similar projects in the vicinity. Estimated costs to complete for each ownership are as follows:

Coscan/Three Rings: \$25,000 per residential lot.

Westbrook Oak Valley: \$18,000 per residential lot.
 \$52,272 per commercial acre.

Omega Homes: \$22,000 per residential lot.

These figures do NOT include development fees that will be credited to the builder as a result of the public financing, and thus represent the cost to finish the properties in the "after" condition (assuming public financing has been obtained). Thus, the benefit of the land-based financing is reflected in lower development costs to the merchant builders as shown above.

GENERAL EXPENSES AND MARKETING COSTS:

Estimated expenses during the absorption period are deducted from the gross income received. Items of general expense include accounting, management, supervision, office expense, insurance, travel, marketing, and miscellaneous categories. The amount of these expenses is distributed evenly over the absorption period for the active projects. Developers report that such expenses typically amount to two to four percent of sales and 3-percent has been utilized for this analysis, reflecting the fact that the properties are selling from within an established master planned community.

Base and special tax rates are utilized as provided by the Riverside County Assessor's Office, and include special taxes already in place for CFD 93-1.

Marketing costs include commission, advertisements, and other incidental costs related to sales. Typical expenses for projects of this type are approximately 3 percent of sales.

DEVELOPER'S PROFIT

Developer's profit is estimated at an overall 10 percent of the revenues over the period of absorption.

DISCOUNT RATE:

The discount rate of 11 percent is reflective of a 7.5% safe rate, plus a 3.5% risk rate.

INFLATION FACTOR a 3% annual increase is assumed, which reflects the recovering status of the market at present, combined with the positive outlook for the future. Expenses and development costs are anticipated to rise at a rate equivalent to inflation.

**Coscan/Three Rings Ranch
Valuation**

"As-is" Value of Ownership (Aggregate Retail Value):

Finished Lots: Reference is made to the Land Value Section of this report, where a value of \$60,000 per finished lot is concluded. This value is applied to the 154 finished lots in the ownership to provide an estimate of aggregate retail value for the finished lots of \$9,240,000.

Unfinished Lots: Unfinished lots are valued in aggregate by subtracting the cost to finish of \$25,000 per lot from the finished lot value of \$60,000, providing a per-lot value of \$35,000, which does not provide for the time involved in finishing and absorbing the lots. This value is applied to the 394 unfinished lots in the ownership to provide an estimate of aggregate retail value of \$13,790,000.

Application of the aggregate retail value indicators for each property type within the ownership are applied to the number of units in each property type to provide an overall indication of aggregate retail value for the ownership. Calculations are set forth on the following page.

**AGGREGATE VALUE CALCULATIONS
COSCAN/THREE RINGS OWNERSHIP**

TYPE	UNIT VALUE	# OF UNITS	AGGREGATE VALUE
Finished Residential Lots	\$60,000	154	\$9,240,000
Unfinished Residential Lots	\$35,000	394	\$13,790,000
TOTAL AGGREGATE VALUE:			\$23,030,000

TWENTY THREE MILLION THIRTY THOUSAND DOLLARS

Discounted, "Bulk-Sale" Value of the Ownership:

Reference is made to the Absorption Schedule on page 30 of this report that details anticipated absorption for this portion of the Coscan ownership. The absorption is anticipated to take place in the order of finished lots followed by unfinished.

A discounted cash flow analysis utilizing the methodologies described in the "Discounted Value" section of this report is set forth on the following page.

Three Rings Ranch	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Remaining (as of 6/01/00)											
Standing Inventory	0	0	0	0	0	0	0	0	0	0	0
Finished Lots	154	154	106	46	0	0	0	0	0	0	0
Unfinished Lots	394	394	394	394	374	302	212	107	0	0	0
Raw Acreage (Residential)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Commercial)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Industrial)	0	0	0	0	0	0	0	0	0	0	0
Models	0	0	0	0	0	0	0	0	0	0	0
Property Sold (Total Units)	0	48	60	66	72	90	105	67	0	0	0
Standing Inventory	0	0	0	0	0	0	0	0	0	0	0
Finished Lots	0	48	60	46	0	0	0	0	0	0	0
Unfinished Lots	0	0	0	20	72	90	105	107	0	0	0
Raw Acreage (Residential)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Commercial)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Industrial)	0	0	0	0	0	0	0	0	0	0	0
Models	0	0	0	0	0	0	0	0	0	0	0
Estimated Values											
Standing Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finished Lots	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,557	\$71,644	\$73,793	\$76,007	\$78,287	\$80,636
Raw Acreage (Residential)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Commercial)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Industrial)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Models	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Sales:											
Standing Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finished Lots	\$0	\$2,966,400	\$3,819,240	\$4,327,224	\$4,862,232	\$6,260,130	\$7,522,620	\$7,895,851	\$0	\$0	\$0
Raw Acreage (Residential)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Commercial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Industrial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Models	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Gross Sales:	\$0	\$2,966,400	\$3,819,240	\$4,327,224	\$4,862,232	\$6,260,130	\$7,522,620	\$7,895,851	\$0	\$0	\$0
Holding/Development Costs											
Real Estate Taxes (Inc. Spec.)	\$137,000	\$137,000	\$125,000	\$110,000	\$93,500	\$75,500	\$53,000	\$26,750	\$0	\$0	\$0
Land Development (Inc. Infrastructure)	\$0	\$0	\$0	\$314,960	\$1,167,840	\$1,503,630	\$1,806,840	\$1,896,468	\$0	\$0	\$0
Profit (10%)	\$0	\$296,640	\$381,924	\$432,722	\$486,223	\$626,013	\$752,262	\$789,585	\$0	\$0	\$0
Administration (3%)	\$0	\$88,992	\$114,577	\$129,817	\$145,867	\$187,804	\$225,679	\$236,876	\$0	\$0	\$0
Management & Accounting (3%)	\$0	\$88,992	\$114,577	\$129,817	\$145,867	\$187,804	\$225,679	\$236,876	\$0	\$0	\$0
Total Operating Expenses	\$137,000	\$611,624	\$736,078	\$1,117,316	\$2,039,297	\$2,580,751	\$3,063,460	\$3,186,555	\$0	\$0	\$0
Net Operating Income	(\$137,000)	\$2,354,776	\$3,083,162	\$3,209,908	\$2,822,935	\$3,679,379	\$4,459,160	\$4,709,296	\$0	\$0	\$0
Discounting Factor @ 11%	0.900901	0.811622	0.731191	0.658731	0.593451	0.534641	0.481658	0.433926	0.390925	0.352184	0.317283
Present Value (Each Year)	(\$123,423)	\$1,911,189	\$2,254,381	\$2,114,466	\$1,675,275	\$1,967,146	\$2,147,792	\$2,043,488	\$0	\$0	\$0
Indicated Present Value of Subject Property			\$13,990,314								
Rounded To:		\$13,990,000									

Coscan/Three Rings Ownership Discount

Discounted Value Conclusions: It is my opinion that the discounted, "bulk-sale" value of the Coscan/Three Rings Ranch ownership, as of the date of value stated herein, is:

THIRTEEN MILLION NINE HUNDRED NINETY THOUSAND DOLLARS

(\$13,990,000)

**Westbrook Oak Valley
Valuation**

"As-is" Value of Ownership (Aggregate Retail Value):

Unfinished Lots: Unfinished lots are valued in aggregate by subtracting the cost to finish of \$18,000 per lot from the finished lot value of \$60,000, providing a per-lot value of \$42,000, which does not provide for the time involved in finishing and absorbing the lots. This value is applied to the 2,358 unfinished lots in the ownership (908 in the non-age restricted portion and 1,450 in the age-restricted portion) to provide an estimate of aggregate retail value of \$99,036,000.

Commercial Acreage: Reference is made to the Land Value Section of this report, where a value of \$4.00 per square foot was concluded for finished commercial land in the subject ownership. From this amount is subtracted the estimated \$1.20 per square foot cost to finish, leaving an "as-is" aggregate value equivalent to \$2.80 per square foot, or \$121,968 per acre of land area. Application of that unit value to the subject's 10.47± acres of commercial land area provides an estimate of aggregate retail value of \$1,277,000.

Application of the aggregate retail value indicators for each property type within the ownership are applied to the number of units in each property type to provide an overall indication of aggregate retail value for the ownership. Calculations are set forth on the following page.

**AGGREGATE VALUE CALCULATIONS
WESTBROOK OAK VALLEY OWNERSHIP**

TYPE	UNIT VALUE	# OF UNITS	AGGREGATE VALUE
Unfinished Residential Lots	\$42,000	1918	\$99,036,000
Commercial Acreage	\$121,961	10.47	\$1,277,000
TOTAL AGGREGATE VALUE:			\$110,313,000

ONE HUNDRED MILLION THREE HUNDRED THIRTEEN THOUSAND DOLLARS

Discounted, "Bulk-Sale" Value of the Ownership:

Reference is made to the Absorption Schedules on pages 30 through 32 of this report that detail anticipated absorption for the Westbrook Oak Valley ownership. The absorption is anticipated to take place with the Age-restricted and non-age restricted projects selling in tandem as outlined by Dr. Janczyk.

A discounted cash flow analysis utilizing the methodologies described in the "Discounted Value" section of this report is set forth on the following page.

Westbrook Oak Valley	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Remaining (as of 06/01/00)											
Standing Inventory	0	0	0	0	0	0	0	0	0	0	0
Finished Lots	0	0	0	0	0	0	0	0	0	0	0
Unfinished Lots	2358	2195	1991	1766	1521	1215	858	501	248	194	174
Raw Acreage (Residential)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Commercial)	10	10	10	10	10	0	0	0	0	0	0
Raw Acreage (Industrial)	0	0	0	0	0	0	0	0	0	0	0
Models	0	0	0	0	0	0	0	0	0	0	0
Property Sold (Total Units)	163	204	225	245	306	357	357	253	54	20	174
Standing Inventory	0	0	0	0	0	0	0	0	0	0	0
Finished Lots	0	0	0	0	0	0	0	0	0	0	0
Unfinished Lots	163	204	225	245	306	357	357	253	54	20	174
Raw Acreage (Residential)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Commercial)	0	0	0	0	10	0	0	0	0	0	0
Raw Acreage (Industrial)	0	0	0	0	0	0	0	0	0	0	0
Models	0	0	0	0	0	0	0	0	0	0	0
Estimated Values											
Standing Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finished Lots	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,557	\$71,644	\$73,793	\$76,007	\$78,287	\$80,636
Raw Acreage (Residential)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Commercial)/Acre	\$174,240	\$179,467	\$184,851	\$190,397	\$196,109	\$201,992	\$208,052	\$214,294	\$220,723	\$227,345	\$234,165
Raw Acreage (Industrial)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Models	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Sales:											
Standing Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finished Lots	\$9,780,000	\$12,607,200	\$14,322,150	\$16,063,180	\$20,664,486	\$24,831,849	\$25,576,908	\$18,669,629	\$4,104,378	\$1,565,740	\$14,030,664
Raw Acreage (Residential)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Commercial)	\$0	\$0	\$0	\$0	\$1,961,090	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Industrial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Models	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Gross Sales:	\$9,780,000	\$12,607,200	\$14,322,150	\$16,063,180	\$22,625,576	\$24,831,849	\$25,576,908	\$18,669,629	\$4,104,378	\$1,565,740	\$14,030,664
Holding/Development Costs											
Real Estate Taxes (Inc. Spec.)	\$597,500	\$556,750	\$505,750	\$449,500	\$388,250	\$303,750	\$214,500	\$125,250	\$62,000	\$48,500	\$43,500
Land Development (Inc. Infrastructure)	\$2,934,000	\$3,782,160	\$4,296,600	\$4,818,905	\$6,721,974	\$7,449,519	\$7,673,001	\$5,600,914	\$1,231,308	\$469,720	\$4,209,234
Profit (10%)	\$978,000	\$1,260,720	\$1,432,215	\$1,606,318	\$2,262,558	\$2,483,185	\$2,557,691	\$1,866,963	\$410,438	\$156,574	\$1,403,066
Administration (3%)	\$293,400	\$378,216	\$429,665	\$481,895	\$678,767	\$744,955	\$767,307	\$560,089	\$123,131	\$46,972	\$420,920
Management & Accounting (3%)	\$293,400	\$378,216	\$429,665	\$481,895	\$678,767	\$744,955	\$767,307	\$560,089	\$123,131	\$46,972	\$420,920
Total Operating Expenses	\$5,096,300	\$6,356,062	\$7,093,895	\$7,838,513	\$10,730,316	\$11,726,364	\$11,979,806	\$8,713,305	\$1,950,008	\$768,738	\$6,497,640
Net Operating Income	\$4,683,700	\$6,251,138	\$7,228,255	\$8,224,667	\$11,895,260	\$13,105,485	\$13,597,102	\$9,956,324	\$2,154,370	\$797,002	\$7,533,024
Discounting Factor @ 11%	0.900901	0.811622	0.731191	0.658731	0.593451	0.534641	0.481658	0.433926	0.390925	0.352184	0.317283
Present Value (Each Year)	\$4,219,550	\$5,073,564	\$5,285,238	\$5,417,843	\$7,059,258	\$7,006,727	\$6,549,159	\$4,320,313	\$842,197	\$280,692	\$2,390,103
Indicated Present Value of Subject Property	\$48,444,644										
Rounded To:	\$48,445,000										

Westbrook Oak Valley Ownership Discount

Discounted Value Conclusions: It is my opinion that the discounted, "bulk-sale" value of the Oak Valley ownership, as of the date of value stated herein, is:

FORTY EIGHT MILLION FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS

(\$48,445,000)

**Omega Homes
Valuation**

"As-is" Value of Ownership (Aggregate Retail Value):

Units sold to End Users: There have been 25 sales of finished houses to end users as of the date of value. These properties represent the ultimate finished product, and are not subject to discount for entrepreneurial profit, marketing expenses, or absorption. Since they are new sales, and represent a small portion of the entire district, they are included in the valuation for the Omega Homes Ownership. While technically no longer a portion of that ownership, these residences are within the same improvement area of the larger district, and represent a large contributing portion of the value of that improvement area. Value for these units is based upon an average unit sales price of \$148,500, or \$3,712,500 for the 25 units. Since these units are not subject to discounting, they are included as a line-item in the Discounted Cash Flow Analysis.

Standing Inventory: As of the date of value, there were 5 units of standing inventory in this ownership. Standing inventory is defined as a residence that is more than 80% complete, and is pending sale to an end user. The number of standing inventory units in the project is not statistically significant when compared to the number of finished and unfinished lots. There is, however, additional value in these units, as they require relatively low costs to complete and sell to end users. Value for these units is based upon an average sales price of \$148,500. Upgrades and concessions as they apply to any individual unit have not been considered. Thus, the value of the 5 units of standing inventory in this ownership is estimated at \$742,500.

Finished Lots: Reference is made to the Land Value Section of this report, where a value of \$60,000 per finished lot is concluded. This value is applied to the 7 finished lots in the

ownership to provide an estimate of aggregate retail value for the finished lots of \$420,000.

Unfinished Lots: Unfinished lots are valued in aggregate by subtracting the cost to finish of \$22,000 per lot from the finished lot value of \$60,000, providing a per-lot value of \$38,000, which does not provide for the time involved in finishing and absorbing the lots. This value is applied to the 103 unfinished lots in the ownership to provide an estimate of aggregate retail value of \$3,914,000.

Application of the aggregate retail value indicators for each property type within the ownership are applied to the number of units in each property type to provide an overall indication of aggregate retail value for the ownership. Calculations are set forth on the following page.

AGGREGATE VALUE CALCULATIONS
OMEGA HOMES OWNERSHIP

TYPE	UNIT VALUE	# OF UNITS	AGGREGATE VALUE
Homes Sold to End Users	\$148,500	25	\$3,712,500
Standing Inventory	\$148,500	5	\$742,500
Finished Residential Lots	\$60,000	7	\$420,000
Unfinished Residential Lots	\$38,000	103	\$3,914,000
TOTAL AGGREGATE VALUE:			\$8,789,000

EIGHT MILLION SEVEN HUNDRED EIGHTY NINE THOUSAND DOLLARS

Discounted, "Bulk-Sale" Value of the Ownership:

Reference is made to the Absorption Schedule on page 32 of this report that details anticipated absorption for this portion of the Omega ownership. The absorption is anticipated to take place in the order of standing inventory followed by finished lots followed by unfinished.

A discounted cash flow analysis utilizing the methodologies described in the "Discounted Value" section of this report is set forth on the following page.

Omega Homes	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Remaining (as of 06/01/00)											
Standing Inventory	5	0	0	0	0	0	0	0	0	0	0
Finished Lots	7	0	0	0	0	0	0	0	0	0	0
Unfinished Lots	103	75	43	3	0	0	0	0	0	0	0
Raw Acreage (Residential)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Commercial)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Industrial)	0	0	0	0	0	0	0	0	0	0	0
Models	0	0	0	0	0	0	0	0	0	0	0
Property Sold (Total Units)	40	32	40	3	0	0	0	0	0	0	0
Standing Inventory/Sold Properties	5	0	0	0	0	0	0	0	0	0	0
Finished Lots	7	0	0	0	0	0	0	0	0	0	0
Unfinished Lots	28	32	40	3	0	0	0	0	0	0	0
Raw Acreage (Residential)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Commercial)	0	0	0	0	0	0	0	0	0	0	0
Raw Acreage (Industrial)	0	0	0	0	0	0	0	0	0	0	0
Models	0	0	0	0	0	0	0	0	0	0	0
Estimated Values											
Standing Inventory	\$148,500	\$152,955	\$157,544	\$162,270	\$167,138	\$172,152	\$177,317	\$182,637	\$188,116	\$193,759	\$199,572
Finished Lots	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Residential)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Commercial)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Industrial)/Acre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Models	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Sales:											
Standing Inventory	\$742,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finished Lots	\$2,100,000	\$1,977,600	\$2,546,160	\$196,692	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Residential)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Commercial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Raw Acreage (Industrial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Models	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Gross Sales:	\$2,842,500	\$1,977,600	\$2,546,160	\$196,692	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Holding/Development Costs											
Real Estate Taxes (Inc. Spec.)	\$28,750	\$18,750	\$10,750	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Development (Inc. Infrastructure)	\$616,000	\$725,120	\$933,600	\$72,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit (10%)	\$284,250	\$197,760	\$254,616	\$19,669	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administration (3%)	\$85,275	\$59,328	\$76,385	\$5,901	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management & Accounting (3%)	\$85,275	\$59,328	\$76,385	\$5,901	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$1,099,550	\$1,060,286	\$1,351,736	\$104,341	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income	\$1,742,950	\$917,314	\$1,194,424	\$92,351	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Discounting Factor @ 11%	0.900901	0.811622	0.731191	0.658731	0.593451	0.534641	0.481658	0.433926	0.390925	0.352184	0.317283
Present Value (Each Year)	\$1,570,225	\$744,513	\$873,353	\$60,834	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Indicated Present Value of Subject Property				\$3,248,925							
Plus 25 Residences Sold to End Users @ \$148,500/unit:				\$3,712,500							
Rounded To:				\$6,960,000							

Omega Homes Ownership Discount

Discounted Value Conclusions: It is my opinion that the discounted, "bulk-sale" value of the Coscan ownership, as of the date of value stated herein, is:

SIX MILLION NINE HUNDRED SIXTY THOUSAND DOLLARS

(\$6,960,000)

MARKET DATA NO. 1

LOCATION	SS Ironwood Avenue, NS Hemlock, W/of Kitching Moreno Valley	
LEGAL DESCRIPTION	Lots 26-29 Tract 20906 Bk 187 Pp 89-92	
AREA	5,000 s.f. minimum lot size	
ZONING	R1	
CONTOUR	Generally level; rough graded	
ACCESS	Paved, dedicated, to site	
UTILITIES	All available to site.	
SALE PRICE	\$884,500	UNIT VALUE \$49,968 (finished lot)
TERMS	Cash	
SALE DATE	11/98	
GRANTOR	M/M Gilbert & Eva Shue	
GRANTEE	Beazer Homes Holdings Corporation	
VERIFIED BY	Beazer Homes	

MARKET DATA NO. 2

LOCATION	ES Gilbert Avenue, S/of Ontario Avenue, Corona	
LEGAL DESCRIPTION	Lots 109, 110, 111, 141, & N2 140 Bk 2 P 1	
AREA	7,200 s.f. minimum lot size	
ZONING	R1	
CONTOUR	Level to sloping	
ACCESS	Paved, dedicated, to site	
UTILITIES	All available to site.	
SALE PRICE	\$7,000,000	UNIT VALUE \$80,424 (finished lot)
TERMS	Cash	
SALE DATE	08/98	
GRANTOR	South Corona Associates	
GRANTEE	Corona Fullerton Associates (Blackman Homes)	
VERIFIED BY	Nasser Mustaffa, Search Institute Land Brokerage, broker for the transaction	

MARKET DATA NO. 3

LOCATION	NWC Pioneer & Church, Redlands	
LEGAL DESCRIPTION	Par 2 PM 5146 Bk 53 P 4	
AREA	7,200 s.f. minimum lot size	
ZONING	R1	
CONTOUR	Generally level	
ACCESS	Paved, dedicated, to site	
UTILITIES	All available to site.	
SALE PRICE	\$800,000	UNIT VALUE \$64,242 (finished lot)
TERMS	Cash	
SALE DATE	10/99	
GRANTOR	Koinonia Associates II	
GRANTEE	IC Redlands I LLC	
VERIFIED BY	Jamal Ahmad, buyer	

MARKET DATA NO. 4

LOCATION	Bedford Canyon, SW of I-15, Corona	
LEGAL DESCRIPTION	Por Lots 8, 9, 10 Tract 28476 Bk 270 Pp 90-102	
AREA	8,000 s.f. min. lot size	
ZONING	R1	
CONTOUR	generally level	
ACCESS	Paved, dedicated	
UTILITIES	All available to site	
SALE PRICE	\$10,000,000	UNIT VALUE \$75,694 (finished lot)
TERMS	Cash	
SALE DATE	08/99	
GRANTOR	Corona Country Club Estates	
GRANTEE	Lennar Homes of California, Inc.	
VERIFIED BY	James Previti, agent of the seller	

MARKET DATA NO. 5

LOCATION	NS Sunnymead Boulevard, E/of Frederick Street, Moreno Valley		
LEGAL DESCRIPTION	Par 4 PM 18174 Bk 128 Pp 71-72		
ASSESSOR'S NO.	292-250-011		
AREA	2.50+/- acres (108,900+/- square feet)		
ZONING	RHOC (SP) - Commercial		
CONTOUR	Generally Level		
ACCESS	Sunnymead Boulevard, paved, four lanes, dedicated		
UTILITIES	All available to site.		
SALE PRICE	\$770,000	UNIT VALUE	\$7.07
TERMS	50% Cash Down; 1 st TD Remainder		

MARKET DATA NO. 6

LOCATION	SS Hemlock Avenue, W/of Perris Blvd., Moreno Valley		
LEGAL DESCRIPTION	Par 2 PM 19493 Bk 136 Pp 87, 88		
ASSESSOR'S NO.	481-322-044		
AREA	1.72+/- acres (75,000+/- square feet)		
ZONING	CC (Commercial)		
CONTOUR	Generally Level		
ACCESS	Hemlock Avenue, paved, four lanes, dedicated		
UTILITIES	All available to site		
SALE PRICE	\$300,000	UNIT VALUE	\$4.00
TERMS	Cash		

MARKET DATA NO. 7

LOCATION	SS Ramsey Street, E/of Eighth Street, Banning		
LEGAL DESCRIPTION	Por Lot 12 & all 13, 14, 15 JR Sub Bk 6 P 15		
ASSESSOR'S NO.	540-191-014, -015, -026 thru -034		
AREA	1.58+/- acres (68,8625+/- square feet)		
ZONING	C21		
CONTOUR	Generally Level		
ACCESS	Paved, corner		
UTILITIES	All available to site		
SALE PRICE	\$275,000	UNIT VALUE	\$ 4.00
TERMS	Cash		

MARKET DATA NO. 8

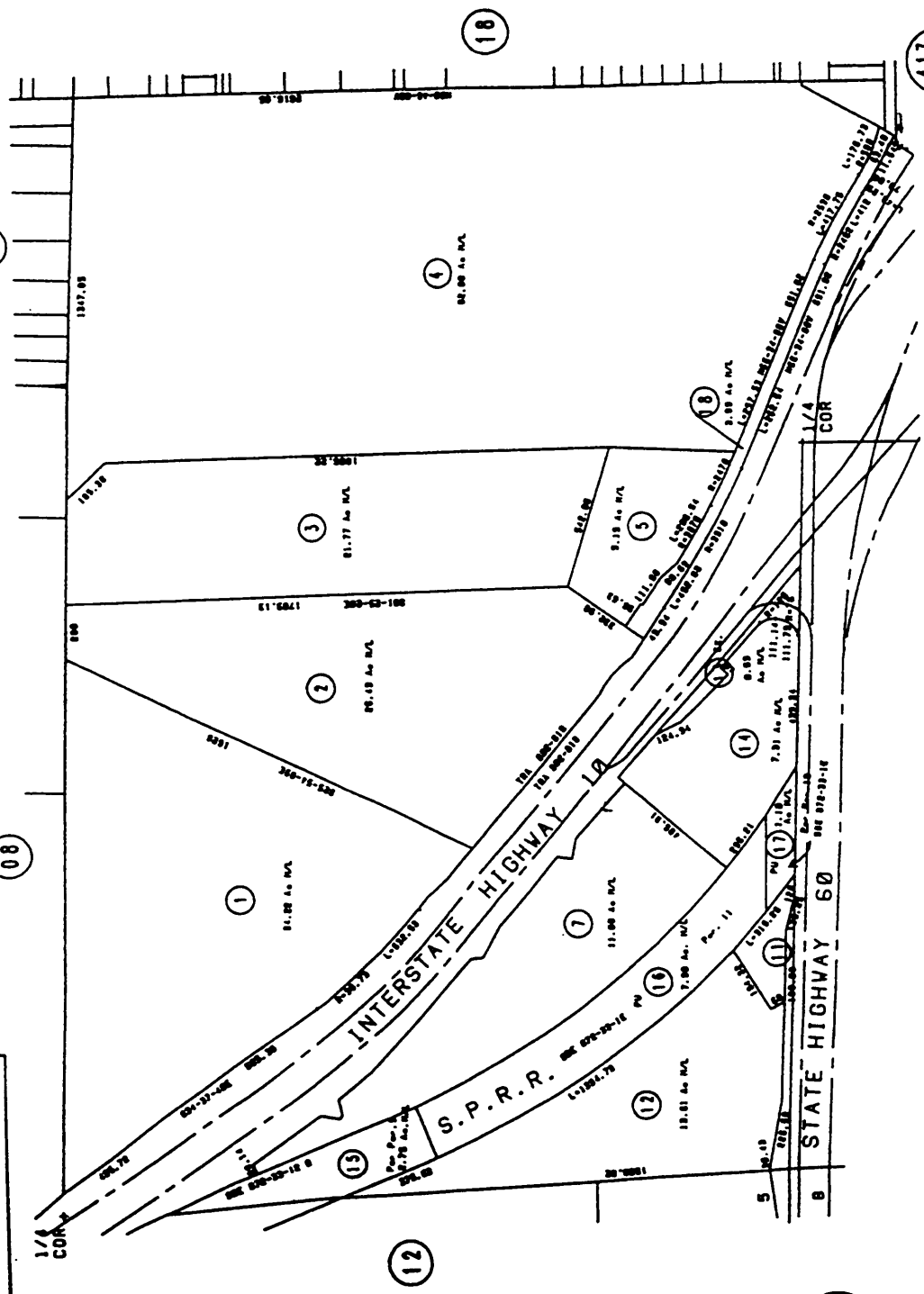
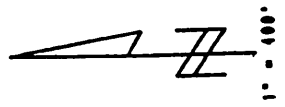
LOCATION	NS Ramsey Street, E/of Highland Springs Avenue, Banning		
LEGAL DESCRIPTION	Por NW4 NW4 Sec 12 T3S R1W SBBM		
ASSESSOR'S NO.	419-050-004		
AREA	0.96+/- acres (42,000+/- square feet)		
ZONING	C2		
CONTOUR	Generally Level		
ACCESS	Paved, dedicated		
UTILITIES	All available to site		
SALE PRICE	\$150,000	UNIT VALUE	\$3.57
TERMS	30% Cash Down; 1 st TD Remainder		

T.R.A. 002-027
002-018

SEC. 4 9 T.3S., R.1W
CITY OF BEAUMONT

414-13
15-33-1

WAS PREPARED FOR ASSESSMENT
ONLY. NO LIABILITY IS ASSUMED
FOR THE ACCURACY OF THE DATA SHOWN.
PARCELS MAY NOT COMPLY WITH
LATEST BUILDING SITE ORDINANCES.



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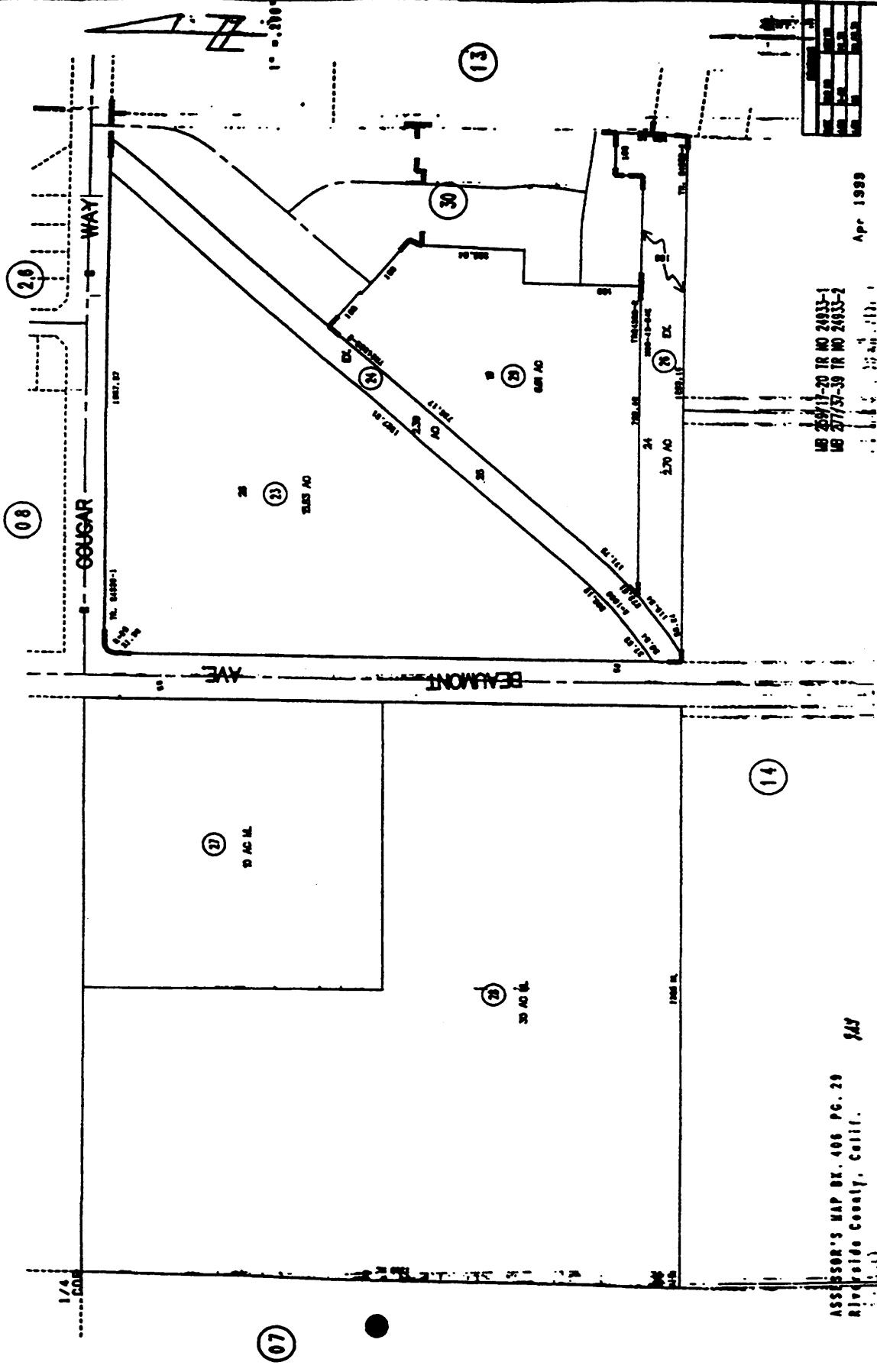
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PARCEL MAP -- THREE RINGS OWNERSHIP

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. IT IS NOT TO BE USED FOR ANY OTHER PURPOSE. THE ASSessor's OFFICE MAY NOT BE RESPONSIBLE FOR ANY ERRORS OR OMISSIONS. LOCAL GOVT. SPLIT OR BUILDING SITE DIMENSIONS.

POR. SW 34 T.2S. R.1W
CITY OF BEAUMONT

4-06-29
T.R.A. 406-002



LB 26917-20 TR NO 24933-1
LB 27757-39 TR NO 24933-2
Apr 1998

ASSESSOR'S MAP BK. 406 PG. 29
Riverside County, Calif.

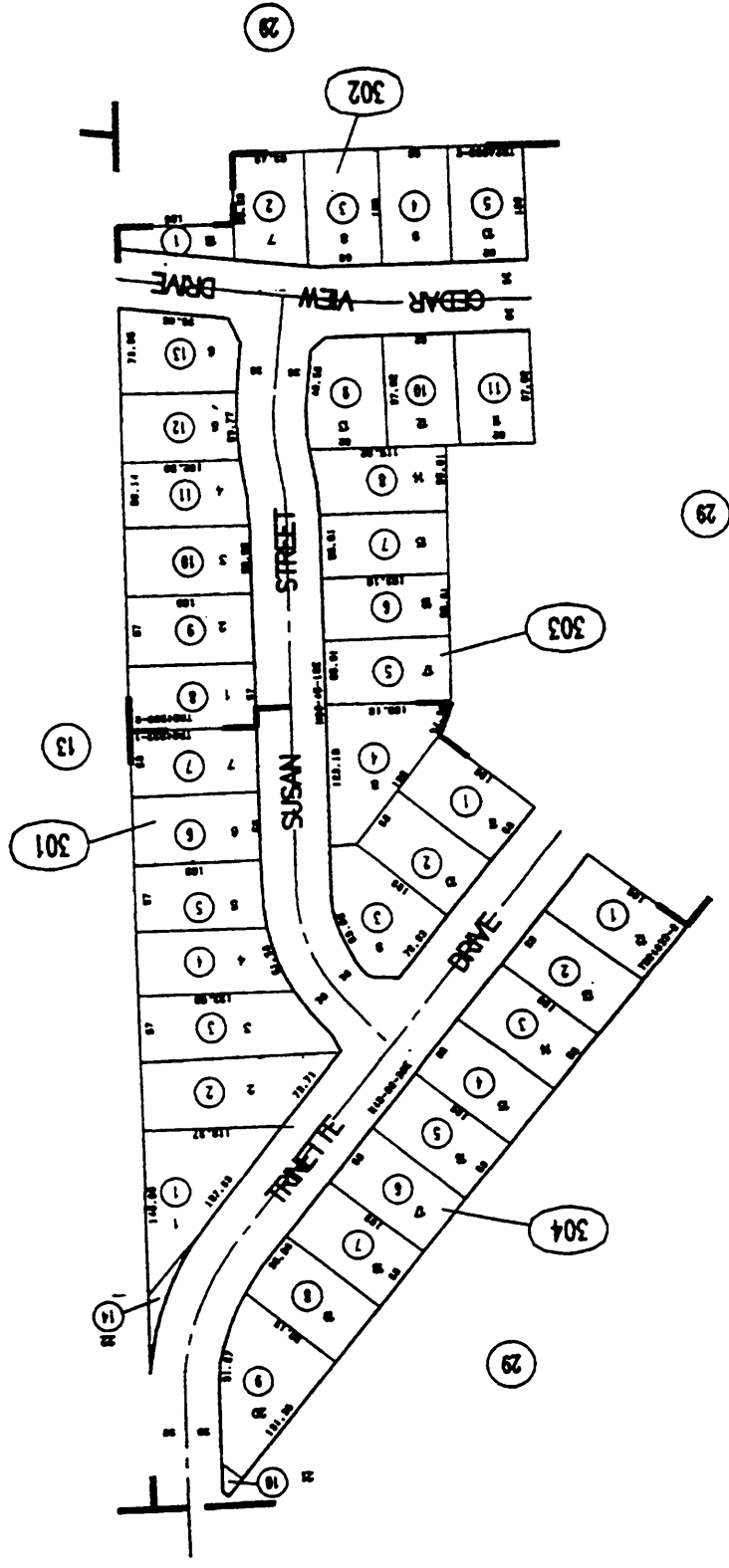
PARCEL MAP -- OMEGA HOMES OWNERSHIP

406-30

T.R.A. 002-002

SEC. 34 T. 2S., R. 1W
CITY OF BEAUMONT

THIS MAP WAS PREPARED FOR ANOTHER PURPOSE, AND THE LIABILITY FOR ANY ERRORS OR OMISSIONS IS NOT ASSUMED BY THE CITY OF BEAUMONT.



MB 259/17-20 TR NO 24833-1
MB 277/37-39 TR NO 24833-2

Apr 1999

ASSISTANT'S MAP NO. 406 PG. 30
Riverside County, Calif.

PARCEL MAP -- OMEGA HOMES OWNERSHIP

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APPENDIX E
RATE AND METHOD OF SPECIAL TAX APPORTIONMENT
IMPROVEMENT AREA NO. 3
REVISED RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 3 OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT

A Special Tax as hereinafter defined shall be levied on and collected in Improvement Area No. 3 of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," "Taxable Property Owner Association Property," "Taxable Religious Property," and "Taxable Public Property," as described below. All of the real property in Improvement Area No. 3 of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expenses of the City to carry out the administration of Improvement Area No. 3 of CFD No.93-1.

"Apartment" means a single dwelling unit within Developed Property of building or buildings comprised of attached residential units, all of which are made available for rental by the general public, exclusive of condominiums.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by Improvement Area No. 3 under the Act.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 93-1" means City of Beaumont Community Facilities District No. 93-1.

“City” means the City of Beaumont.

“Condominium” means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

“Council” means the City Council of the City of Beaumont, acting as the legislative body of Improvement Area No. 3 of CFD No. 93-1.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, or School Site Property for which a building permit for new construction was issued prior to March 1 of the prior Fiscal Year.

“Final Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots (a “Lot” or “Lots”) for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Area No. 3” means Improvement Area No. 3 as depicted on the boundary map of CFD No. 93-1.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 below.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

“One Time Special Tax” means the Special Tax that is required to be paid as a condition precedent to the recordation of final maps, as determined in accordance with Section C.3.b below.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means any property that is owned by or dedicated to a property owner association, including any master or sub-association.

“Public Property” means any property, exclusive of the 10.5 Acre school site designated as Lot 511 on the Third Revised Tentative Tract Map No. 24039 dated February 1, 2000 (the “Substantial Conformance Map”), that is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State, the County or any other public agency.

“Religious Property” means any property that is used primarily as a place of worship and is exempt from ad valorem property taxes because it is owned by a religious organization. Religious Property, without limitation, does not include any Assessor’s Parcels used for religious schools, day care centers, or congregate care facilities.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“School Site Property” means the 10.5 Acre school site designated as Lot 511 on the Substantial Conformance Map.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount required, after taking into consideration available funds pursuant to the Indenture, in any Fiscal Year for Improvement Area No. 3 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for anticipated delinquent Special Taxes based on the delinquency rate in Improvement Area No. 3 for the previous Fiscal Year, and (vi) pay directly for construction of Improvement Area No. 3 facilities eligible under the Act to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 3 which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“Taxable Public Property” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“Taxable Religious Property” means all Assessor’s Parcels of Religious Property that are not exempt pursuant to Section E below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, or School Site Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within Improvement Area No. 3 shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, School Site Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below..

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the Special Tax for the applicable Land Use Class as shown in Table 1 below. The Maximum Special Tax for Residential Property consisting of single family detached homes shall be the same for each Lot. The Maximum Special Tax for Residential Property consisting of Condominiums or Apartments shall be the same for each dwelling unit. The Maximum Special Tax for Non-Residential Property shall be based on the amount of Acreage of the Assessor's Parcel.

**TABLE 1
Maximum Special Taxes for Developed Property in
Improvement Area No. 3 of
Community Facilities District No. 93-1
(Fiscal Year 2000-2001)**

Land Use Class	Description	Assigned Special Tax
1	Residential Property Single Family Detached	\$ 625 per Lot
2	Residential Property Condominium	\$ 625 per unit
3	Residential Property Apartment	\$ 625 per unit
4	Non-Residential	\$4,091 per Acre

b. Increases in the Maximum Special Tax

On each July 1, commencing July 1, 2001, the Maximum Special Tax for each Land Use Class of Developed Property shall be increased by two percent (2.00%) of the amount in effect for the previous Fiscal Year.

2. School Site Property

a. Maximum Special Tax

The Maximum Special Tax for School Site Property shall be \$1,787 per Acre for Fiscal Year 2000-2001, such amount to increase two percent (2.00%) annually commencing with Fiscal Year 2001-2002.

3. Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property shall be \$4,091 per Acre for Fiscal Year 2000-2001, such amount to increase two percent (2.00%) annually commencing with Fiscal Year 2001-2002, plus any applicable One Time Special Tax determined pursuant to section C.3.b below.

b. One Time Special Tax

If at any time prior to approval of a Final Subdivision the CFD Administrator determines that there has been a reduction in the expected Residential Property dwelling units, as determined by reference to the Substantial Conformance Map, then a One Time Special Tax corresponding to such reduction shall be calculated and levied against the Assessor's Parcels on which the reduction occurred. The One Time Special Tax will be calculated using the prepayment formula approved by the City, with the following modifications:

I. THE NUMBER BY WHICH THE EXPECTED RESIDENTIAL PROPERTY DWELLING UNITS HAS BEEN REDUCED MULTIPLIED BY THE APPLICABLE SPECIAL TAX SET FORTH IN TABLE 1 ABOVE, ESCALATED PURSUANT TO SECTION C.1.B SHALL BE SUBSTITUTED FOR THE MAXIMUM ANNUAL SPECIAL TAX IN STEP 1 OF THE PREPAYMENT FORMULA.

4. Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property

a. Maximum Special Tax

The Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property shall be \$4,091 per Acre for Fiscal Year 2000-2001, such amount to increase two percent (2.00%) annually commencing with Fiscal Year 2001-2002.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2000-2001 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement to be collected from Taxable Property in Improvement Area No. 3 of CFD No. 93-1 in the Fiscal Year. The Council shall levy the Special Tax as follows until the amount of levy equals the Special Tax Requirement, subject to limitations specified in Section 53321 of the Act.

First: The Special Tax shall be levied in equal percentages on each Assessor's Parcel of Developed Property and School Site Property up to 91% of the applicable Maximum Special Tax for each such Assessor's Parcel;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property and School Site Property shall be increased in equal percentages from the amounts calculated pursuant to Step 1 above, up to 100% of the applicable Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Property Owner Association Property, up to the Maximum Special Tax for Taxable Property Owner Association Property;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Religious Property, up to the Maximum Special Tax for Taxable Religious Property;

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Public Property up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent per fiscal year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 3.

E. EXEMPTIONS

The Council shall not levy a Special Tax on the following:

- 1) Properties owned by entities of the State of California, federal or other public agencies, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act, such exception to include School Site Property (i.e., the School Site Property is not exempt from the Special Tax);
- 2) Properties designated for the following uses:

Up to a total of 60.8 acres of Public Property, Property Owner Association Property, and Religious Property; and
- 3) Assessor's Parcels 414-142-023 and 414-181-001, provided that no building permit for such parcels has been issued for purposes of constructing one or more residential dwelling units. Assessor's Parcels 414-142-023 and 414-181-001 shall become subject to the Special Tax following the issuance of any building permit(s) for such parcels for purposes of constructing one or more residential dwelling units.

All Public Property, Property Owner Association Property, and Religious Property will be allocated on a first in time basis. If the total number of acres of land conveyed or dedicated exceeds the amount stated above, then the acres exceeding such total shall be taxed at the applicable rates set forth in Section C above and to the extent set forth in Section D above.

F. REVIEW/APPEAL COMMITTEE

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may file a notice with CFD No. 93-1 appealing the amount of the Special Tax levied on such Assessor's Parcel. A representative of CFD No. 93-1 will then review the appeal and, if necessary, meet with the applicant. If the findings of the representative of CFD No. 93-1 verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 93-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax applicable to an Assessor's Parcel may be prepaid in full according to a prepayment formula determined by the City at the time of prepayment. The prepayment amount shall also include the administrative expense of Improvement Area No. 3, the fiscal agent and any consultant retained in connection with the calculation of the prepayment amount.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a term of 50 years, commencing with Fiscal Year 1993-94.

IMPROVEMENT AREA NO. 11
REVISED RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 11 OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT
(OMEGA HOMES)

A Special Tax (the "Special Tax") shall be levied on and collected in Improvement Area No. 11 of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," "Taxable Property Owner Association Property," "Taxable Religious Property," and "Taxable Public Property," as described below. All of the real property in Improvement Area No. 11 of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expenses of the City to carry out the administration of Improvement Area No. 11 of CFD No.93-1.

"Apartment" means a single dwelling unit within Developed Property of building or buildings comprised of attached residential units, all of which are made available for rental by the general public, exclusive of condominiums.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class, as determined by reference to Table 1 of Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.c below.

"CFD No. 93-1" means City of Beaumont Community Facilities District No. 93-1.

"City" means the City of Beaumont.

“Commercial Property” means all Developed Property for which a building permit was issued for non-residential use.

“Council” means the City Council of the City of Beaumont, acting as the legislative body of Improvement Area No. 11 of CFD No. 93-1.

“County” means the County of Riverside.

“Developed Property” means all Taxable Property for which a building permit has been issued as of the March 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is being levied, exclusive of Taxable Public Property, Taxable Religious Property, and Taxable Property Owner Association Property.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Area No. 11” means Improvement Area No. 11 and Improvement Area No. 11A as depicted on the boundary maps of CFD No. 93-1.

“Improvement Area No. 11A” means a portion of Improvement Area No. 11 as depicted on the boundary maps of CFD No. 93-1 (currently designated as Assessor's Parcel numbers 406-290-023 and 406-290-025).

“Land Use Class” means any of the classes listed in Table 1 below.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C, that can be levied by the Council in any Fiscal Year for Undeveloped Property, each Land Use Class of Developed Property, Taxable Property Owner Association Property, Taxable Religious Property and Taxable Public Property, as applicable.

“Property Owner Association Property” means any property within the boundaries of Improvement Area No. 11 of CFD No. 93-1 owned by or dedicated to a property owner association.

“Public Property” means any property within the boundaries of Improvement Area No. 11 of CFD No. 93-1 owned by or dedicated to the federal government, the State of California or other public agency.

“Religious Property” means all property within the boundaries of Improvement Area No. 11 of CFD No. 93-1 which is exempt from ad valorem property taxes because it is owned by a religious organization.

“Single Family Unit” means all Developed Property, other than Apartments, for which the building permit was issued for purposes of constructing a residential dwelling unit(s), including detached, attached, and condominium units and structures.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Religious Property and Taxable Public Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount required in any Fiscal Year for Improvement Area No. 11 of CFD No. 93-1 to: (1) pay debt service on all outstanding bonds or other indebtedness of Improvement Area No. 11 and Improvement Area No. 11A, or other periodic costs on the bonds or other indebtedness, (2) pay the Administrative Expenses, (3) accumulate funds to pay directly for authorized facilities, (4) pay costs associated with the release of funds from an escrow account it any, (5) pay any amounts required to establish or replenish any reserve funds, (6) pay for

anticipated delinquent special taxes (such delinquent special taxes shall be estimated based on the delinquency rate in the CFD for the previous Fiscal Year.)

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 11 which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property which has not been exempted pursuant to Section E below.

“Taxable Public Property” means all Public Property which was acquired by a public agency through a negotiated transaction, gift or devise, including any dedication contingent upon approval of development plans which has not been exempted pursuant to Section E.

“Taxable Religious Property” means all Religious Property which has not been exempt pursuant to Section E.

“Undeveloped Property” means all Taxable Property, exclusive of Taxable Property Owner Association Property, Taxable Religious Property and Taxable Public Property, not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

For each Fiscal Year, all Taxable Property within Improvement Area No. 11 of CFD No. 93-1 shall be classified as Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Religious Property or Taxable Public Property, and will further be classified as located in only Improvement Area 11 or Improvement Area No. 11 and Improvement Area No. 11A, and shall be subject to tax in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

For purposes of determining the applicable Assigned Special Tax for each Assessor's Parcel of Developed Property, all Developed Property shall be assigned to one of the Land Use Classes designated in Table 1 below. Single Family Units shall be assigned to Land Use Classes 1 through 10 based on the square footage for the improvements to be constructed on an Assessor's Parcel as set forth on the most recent building permit or condominium plan issued for such parcel. The square footage of a structure assigned to Land Use Classes 1 through 10 shall be exclusive of garages or other structures which are not used as living spaces. Apartment units shall be assigned to Land Use Class 11. Commercial Property shall be assigned to Land Use Class 12.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Fiscal Year 1993-94 Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE I
Assigned Special Taxes for Developed Property in
Improvement Area No. 11 and 11A of
Community Facilities District No. 93-1
(Fiscal Year 1993-94)

Land Use Class	Description	Designation	Improvement Area No. 11 Assigned Special Tax	Improvement Area No. 11A Assigned Special Tax
1	Single Family	3,000 sq. ft. or more	\$ 1,153 per unit	\$ 1,787 per unit
2	Single Family	2,750 – 2,999 sq. ft.	\$ 1,057 per unit	\$ 1,638 per unit
3	Single Family	2,500 – 2,749 sq. ft.	\$ 961 per unit	\$ 1,490 per unit
4	Single Family	2,250 – 2,499 sq. ft.	\$ 884 per unit	\$ 1,370 per unit
5	Single Family	2,000 – 2,249 sq. ft.	\$ 807 per unit	\$ 1,251 per unit
6	Single Family	1,750 – 1,999 sq. ft.	\$ 691 per unit	\$ 1,071 per unit
7	Single Family	1,500 – 1,749 sq. ft.	\$ 606 per unit	\$ 939 per unit
8	Single Family	1,250 – 1,499 sq. ft.	\$ 509 per unit	\$ 939 per unit
9	Single Family	1,000 – 1,249 sq. ft.	\$ 412 per unit	\$ 939 per unit
10	Single Family	< 1,000 sq. ft.	\$ 398 per unit	\$ 939 per unit
11	Apartment	NA	\$ 339 per unit	\$ 939 per unit
12	Commercial	NA	\$ 4,757 per acre	\$ 7,373 per acre

c. Backup Special Tax

The Fiscal Year 1993-94 Backup Special Tax is \$0.109 per square foot of each Assessor's Parcel of Developed Property. The Backup Special Tax may exceed the Assigned Special Tax for some Assessor's Parcels within each Land Use Class. In such case, the Back-up Special Tax shall be the Maximum Special Tax.

The acreage or square footage of land area applicable to a condominium unit shall be computed from the acreage of the lot on which the condominium unit is located. The acreage for such lot shall be allocated equally among the condominiums located on the lot.

d. Increases in the Maximum Special Tax

On each July 1, commencing July 1 1994, the Assigned Special Tax and the Back-up Special Tax to be applicable to an Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect for the previous Fiscal Year.

2. **Undeveloped Property, Taxable Property Owner Association Property, Taxable Religious Property and Taxable Public Property**

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property shall be \$5,280 per Acre for Fiscal Year 1993-94.

The acreage or square footage of land area applicable to a condominium unit shall be computed from the acreage of the lot on which the condominium unit located. The acreage for such lot shall be allocated equally to the condominiums located in the lot.

b. Increases in the Maximum Special Tax

On each July 1, commencing July 1 1994, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Religious Property, and Taxable Public Property shall be increased by two percent (2.00%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 1993-94 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement to be collected from Taxable Property in Improvement Area No. 11 of CFD No. 93-1 in the Fiscal Year. The Council shall levy the Special Tax as follows until the amount of levy equals the Special Tax Requirement, subject to limitations specified in Section 53321 of the Act.

First: The Special Tax shall be levied in equal percentages on each Assessor's Parcel of Developed Property up to 91% of the applicable Assigned Special Tax for such Assessor's Parcel;

Second: If additional monies are needed after the first step has been completed, the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property shall be increased in equal percentages from the amounts calculated pursuant to Step 1 above, up to 100% of the applicable Assigned Special Tax for such Assessor's Parcel;

Fourth: If additional monies are needed after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fifth: If additional monies are needed after the first four steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Property Owner Association Property up to the Maximum Special Tax for Taxable Property Owner Association Property;

Sixth: If additional monies are needed after the first five steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Religious Property up to the Maximum Special Tax for Taxable Religious Property;

Seventh: If additional monies are needed after the first six steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Public Property up to the Maximum Special Tax for Taxable Public Property.

E. EXEMPTIONS

The Council shall not levy a Special Tax on the following:

- 1) Properties owned by entities of the State of California, federal or other public agencies except as otherwise provided in Sections 53317.3 and 53317.5 of the Act; and
- 2) Properties designated for the following uses:

Up to a total of 12.96 acres of Public Property, Property Owner Association Property, and Religious Property.

All such property will be allocated on a first in time basis. If the total number of acres of land conveyed or dedicated exceeds the amount stated above, then the acres exceeding such total shall be taxed at the applicable rate set forth in Section C.2 above and to the extent set forth in Section D above.

F. REVIEW/APPEAL COMMITTEE

Any landowner or resident who feels that the amount of the Special Tax is in error may file a notice with CFD No. 93-1 appealing the levy of the amount of the Special Tax. A representative of CFD No. 93-1 will then review the appeal and, if necessary, meet with the applicant. If the findings of the representative of CFD No. 93-1 verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that Improvement Area No. 11 of CFD No. 93-1 may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations and may covenant to foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax applicable to an Assessor's Parcel of Taxable Property may be prepaid in full according to a prepayment formula determined by the Council at the time of prepayment. The prepayment amount shall also include the administrative expenses of Improvement Area No. 11 of CFD No. 93-1, the fiscal agent and any consultant retained by Improvement Area No. 11 of CFD No. 93-1 in connection with the calculation of the prepayment amount.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a term of 50 years, commencing with Fiscal Year 1993-94.

IMPROVEMENT AREA NO. 14
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 14 OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in the City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 14 ("CFD No. 93-1") and collected each Fiscal Year commencing in Fiscal Year 2000-2001, in an amount determined by the City Council through the application of the appropriate Special Tax in Tax Zone A and Tax Zone B for "Developed Property", "Taxable Property Owner Association Property", "Taxable Public Property", "Taxable Religious Property" and "Undeveloped Property" as described below. All of the real property in Improvement Area No. 14, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expenses of the City to carry out the administration of Improvement Area No. 14.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by Improvement Area No. 14 under the Act.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 93-1" means City of Beaumont Community Facilities District No. 93-1.

"City" means the City of Beaumont.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property for which a building permit for new construction was issued prior to March 1 of the prior Fiscal Year.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Area No. 14” means Improvement Area No. 14 as depicted on the boundary map of CFD No. 93-1.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 and Table 2.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means any property that is owned by or dedicated to a property owner association, including any master or sub-association.

“Proportionately” means for Developed Property the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property within Tax Zone A and Tax Zone B. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property within Tax Zone A and Tax Zone B.

“Public Property” means any property that is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State, the County or any other public agency.

“Religious Property” means any property that is used primarily as a place of worship and is exempt from ad valorem property taxes because it is owned by a religious organization. Religious Property, without limitation, does not include any Assessor’s Parcels used for religious schools, day care centers, or congregate care facilities.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount required, after taking into consideration available funds pursuant to the Indenture, in any Fiscal Year for Improvement Area No. 14 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for anticipated delinquent Special Taxes based on the delinquency rate in Improvement Area No. 14 for the previous Fiscal Year, and (vi) pay directly for construction of Improvement Area No. 14 facilities eligible under the Act to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 14 which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“Taxable Public Property” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“Taxable Religious Property” means all Assessor’s Parcels of Religious Property that are not exempt pursuant to Section E below.

“Tax Zone” means Tax Zone A or Tax Zone B within Improvement Area No. 14.

“Tax Zone A” means the area within Improvement Area No. 14 as designated on the map described in Attachment 1 of this rate and method of apportionment.

“Tax Zone B” means the area within Improvement Area No. 14 as designated on the map described in Attachment 1 of this rate and method of apportionment.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within Tax Zone A and Tax Zone B of Improvement Area No. 14 shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Developed Property shall be further classified as Residential Property and Non-Residential Property.

Residential Property shall be assigned to Land Use Class 1 and Non-Residential Property shall be assigned to Land Use Class 2.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within Tax Zone A and Tax Zone B shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for each Land Use Class within Tax Zone A and Tax Zone B is shown below in Table 1 and Table 2. The Assigned Special Tax for Residential Property shall be based on the amount of Residential Floor Area for the Assessor's Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the amount of Acreage of the Assessor's Parcel.

**TABLE 1
Assigned Special Taxes for Developed Property within Tax Zone A
Community Facilities District No. 93-1 – Improvement Area No. 14**

Land Use Class	Description	Assigned Special Tax
1	Residential Property	\$.34 per square foot of Residential Floor Area
2	Non-Residential Property	\$2,500 per Acre

**TABLE 2
Assigned Special Taxes for Developed Property within Tax Zone B
Community Facilities District No. 93-1 – Improvement Area No. 14**

Land Use Class	Description	Assigned Special Tax
1	Residential Property	\$.08 per square foot of Residential Floor Area
2	Non-Residential Property	\$1,000 per Acre

c. Backup Special Tax

The Backup Special Tax for an Assessor's Parcel of Residential Property and Non-Residential Property within Tax Zone A shall equal \$.0915 per square foot of the Assessor's Parcel. The Backup Special Tax for an Assessor's Parcel of Residential Property and Non-Residential Property within Tax Zone B shall equal \$.0271 per square foot of the Assessor's Parcel.

2. Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property within Tax Zone A shall be \$3,983 per Acre. The Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property within Tax Zone B shall be \$1,179 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2000-2001 and for each following Fiscal Year, the City shall levy the Special Tax within Tax Zone A and Tax Zone B until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows.

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property Tax within Tax Zone A and Tax Zone B at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property Tax within Tax Zone A and Tax Zone B at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property Tax within Tax Zone A and Tax Zone B whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property, or Taxable Religious Property within Tax Zone A and Tax Zone B at up to the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Religious Property.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property within Tax Zone A and Tax Zone B at up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent per fiscal year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 14.

E. EXEMPTIONS

No Special Tax shall be levied on up to 110.32 Acres and 87.88 Acres of Property Owner Association Property, and/or Public Property, and/or Religious Property within Tax Zone A and Tax Zone B, respectively. However, any Property Owner Association Property, and/or Public Property, and/or Religious Property which exceeds 110.32 Acres for Tax Zone A and 87.88 Acres for Tax Zone B will be classified as Taxable Property Owner Association Property, and/or Taxable Public Property, and/or Taxable Religious Property and subject to the special tax rates specified in Section C and the fourth and fifth steps in Section D herein. Tax-exempt status within Tax Zone A and Tax Zone B will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property, Public Property, or Religious Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property, Public Property, or Religious Property its tax-exempt status will be revoked.

F. REVIEW/APPEAL COMMITTEE

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may file a notice with CFD No. 93-1 appealing the amount of the Special Tax levied on such Assessor's Parcel. A representative of CFD No. 93-1 will then review the appeal and, if necessary, meet with the applicant. If the findings of the representative of CFD No. 93-1 verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 93-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax applicable to an Assessor's Parcel may be prepaid in full according to a prepayment formula determined by the City at the time of prepayment. The prepayment amount shall also include the administrative expense of Improvement Area No. 14, the fiscal agent and any consultant retained in connection with the calculation of the prepayment amount.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2036-2037.

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APPENDIX F

PREPAYMENT OF SPECIAL TAXES

The Special Taxes for an Assessor's Parcel may be prepaid and the obligation of the Parcel satisfied, provided that there are no delinquent Special Taxes with respect to such parcel at the time of prepayment. Prepayment must be made not less than 60 days prior to the date on which the Bonds of the applicable Series will be redeemed and will be calculated as follows:

	Bond Redemption Amount
plus	Future Bond Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fees and Expense
less	<u>Reserve Fund credit, if any</u> ¹
Total: equals	Prepayment Amount

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds, with the increment above a \$5,000 or integral multiple thereof to be retained in the Redemption Fund to be used with the next prepayment of Bonds of the applicable Series.

1. For Developed Property, Developable Property, Taxable Property Owner Association Property, Taxable Religious Property and Taxable Public Property, compute the Maximum Annual Special Tax for such Assessor's Parcel. For Undeveloped Property multiply the Backup Special Tax by the square footage of the Assessor's parcel.

2. Divide the amount computed pursuant to paragraph 1 by the estimated maximum Special Taxes for the corresponding Improvement Area, as determined by reference to Table 1.

3. Multiply the amount computed pursuant to paragraph 2 by the outstanding Bonds of the applicable Series to compute the amount of Outstanding Bonds to be retired. (Bond *Redemption Amount*)

4. Project the bonded indebtedness which can be supported given the Special Tax computed pursuant to paragraph 1, assuming that any future indebtedness would be characterized by bond terms (i.e., bond term, amortization, increasing debt service, debt service coverage, etc.) identical to the existing Outstanding Bonds. Notwithstanding the above, if the Special Taxes on all Assessor's Parcels within the Improvement Area are being prepaid at this time, and the Improvement Area is being abandoned so that no future debt will be sold for the Improvement Area, then only the currently Outstanding Bonds shall be prepaid.

¹ No reserve fund has been established for the 2000 District Bonds, so there will be no amount deducted as a Reserve Fund Credit.

5. Subtract the amount computed pursuant to paragraph 3 from the amount computed pursuant to paragraph 4 to compute the obligation for future bonded indebtedness². (If the computed number is a negative number, assume there is no future indebtedness.) (*Future Bond Amount*).

6. Multiply the amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds.

7. The Treasurer shall compute the reduction in the reserve fund established for the Series of the Beaumont Financing Authority Local Agency Revenue Bonds, if any, the proceeds of which were used to purchase the Bonds.

8. Multiply the amount computed pursuant to paragraph 7 by the applicable redemption premium, if any, on the applicable Series of the Beaumont Financing Authority Local Agency Revenue Bonds.

9. Add the amounts computed pursuant to paragraph 6 and 8. (*Redemption Premium*).

10. Compute the amount needed to pay debt service on the outstanding Bonds to be retired pending the redemption of such Outstanding Bonds.

11. Compute the amount needed to pay debt service on the applicable Series of the Beaumont Financing Authority Local Agency Revenue Bonds following the redemption of the Outstanding Bonds but pending the redemption of such applicable Series of the Beaumont Financing Authority Local Agency Revenue Bonds, if any.

12. Compute the amount of Special Taxes paid with respect to the applicable Assessor's Parcels during the current fiscal year and confirm that no Special Tax delinquencies apply to such Assessor's Parcels. The applicable assessor's parcels shall receive a credit for any Special Taxes paid which have not yet been utilized to pay the Special Tax requirement, but no credit shall be given for Special Taxes paid which have already been used to pay the Special Tax requirement.

13. Compute the amount derived from the reinvestment of the proceeds of the prepayment paid pursuant to paragraph 17.

14. Add the amounts computed pursuant to paragraphs 10 and 11 and subtract the amounts computed pursuant to paragraphs 12 and 13. (*Defeasance*).

15. The administrative fees and expenses of the District are as determined by the Treasurer and include the costs of computation of the prepayment, the costs of redeeming Bonds and the costs of recording any notices to evidence the prepayment and the redemption. (*Administrative Fees and Expense*).

² These funds may be used by the District for pay-as-you-go facilities within the scope of the overall Bond authorization, if the District determines that the funds calculated pursuant to paragraph 5 should not be used for indebtedness.

16. The Reserve Fund credit, if any, shall be calculated as a reduction in the applicable reserve fund for Bonds of the applicable Series issued with respect to the District proportional to the principal amount of Outstanding Bonds for the Improvement Area to be redeemed pursuant to the prepayment. If the applicable reserve fund is below the Reserve Requirement, the reserve fund credit shall be reduced in proportion to the amount of the deficiency. (*Reserve Fund Credit*).

17. The prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 5, 9, 14 and 15 less the amount computed pursuant to paragraph 16.

The amount computed pursuant to paragraph 17 less the amounts computed pursuant to paragraphs 5 and 15 shall be placed in the Bond Fund and used to retire Outstanding Bonds. The amount computed pursuant to paragraph 5 shall be placed in the applicable Construction Fund to be held in trust for the construction and/or acquisition of future public facilities. The amount computed pursuant to paragraph 15 shall be retained by the District. Within a reasonable time after prepayment, a Notice of Cessation of Special Tax shall be recorded by the District with respect to the Assessor's Parcel(s) for which prepayment has been received, and the obligation of the Assessor's Parcel(s) to pay the Special Taxes shall cease.

Capitalized terms used herein and not otherwise defined shall have the meanings given thereto in the Rate and Method of Apportionment of Special Tax relating to the applicable Improvement Area.

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APPENDIX G
FORM OF CONTINUING DISCLOSURE AGREEMENTS

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CONTINUING DISCLOSURE AGREEMENT
(City of Beaumont Community Facilities District No. 93-1)

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of May 1, 2000, is executed and delivered by the City of Beaumont Community Facilities District No. 93-1 (the "District") and BNY Western Trust Company, as trustee (the "Trustee") and acting in its capacity as Dissemination Agent hereunder, in connection with the issuance of the \$14,725,000 Beaumont Financing Authority 2000 Local Agency Revenue Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to provisions of an Indenture of Trust dated as of January 15, 1994, by and between the Beaumont Financing Authority (the "Issuer") and the Trustee (the "Original Indenture") and First Supplemental Indenture of Trust, dated as of May 1, 2000 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), by and between the Authority and the Trustee. The District, the Dissemination Agent and the Trustee 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 Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, 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 or any addendum thereto 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 City Manager of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Trustee and Dissemination Agent from time to time.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the Trustee a written acceptance of such designation.

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

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in the SEC website located at <http://www.sec.gov/consumer/nrmsir.htm>.

“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.

“Repository” shall mean each National Repository and each State Repository.

“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.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 120 days after the end of the City's fiscal year, commencing with fiscal year 2000-01, provide to each Repository and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The District shall, or shall cause the Dissemination to, not later than February 15 of the next succeeding year, to provide to each Repository and the Participating Underwriter an addendum to the Annual Report just previously filed 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. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

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

(c) If the Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository or to the Municipal Securities Rulemaking Board and the State Repository, if any in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) to the extent information is known to it, file a report with the District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports and Addendum. The District's Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) The balance in the Reserve Fund held under the Indenture.

(iii) Total assessed valuation (per the Riverside County Assessor records) of all parcels currently subject to the Special Tax within Improvement Area Nos. 3, 11 & 14 of the District, showing the total assessed valuation for all land and the total assessed valuation for all improvements within Improvement Area Nos. 3, 11 & 14 of the District and distinguishing between the assessed value of developed property and undeveloped property.

(iv) With respect to delinquencies:

(a) delinquency information with respect to the April 10 tax payment date (including, without limitation, the parcel number of each delinquent parcel, the identity of the property owner and the amount then delinquent) for each parcel delinquent in the payment of \$2,500 or more in Special Tax or any parcels under common ownership that are responsible for \$5,000 or more of Special Tax; and

- (b) the total dollar amount of delinquencies in Improvement Area Nos. 3, 11, & 14 of the District with respect to the December 10 tax payment date and, in the event that such total delinquencies with respect to the April 10 tax payment date exceed 5% of the Special Tax for the previous year, a list of all delinquent parcels, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(v) The number of certificates of occupancy issued by the City and the principal amount of prepayments of the Special Tax with respect to Improvement Area Nos. 3, 11 & 14 of the District for the prior Fiscal Year.

(vi) A land ownership summary listing property owners responsible for more than five percent (5%) of the annual Special Tax levy, as shown on the Riverside County Assessor's last equalized tax roll prior to the September next preceding the Annual Report date.

(vii) The principal amount of the Bonds outstanding and the balance in the Reserve Fund (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report date.

(viii) A description of the status of the facilities being constructed with proceeds of the Bonds as of the date of the Annual Report (but only so long as such facilities are not completed), and the balance in the Improvement Fund as of the September 30 next preceding the Annual Report date (but only until such fund is closed).

(ix) The number of building permits issued in the Improvement Area Nos. 3, 11 & 14 of the District during the prior Fiscal Year.

The District's addendum to the Annual Report shall contain or include by reference the following:

- (i) The balance in the Reserve Fund held under the Indenture.
- (ii) With respect to delinquencies:
 - (a) delinquency information with respect to the December 10 tax payment date (including, without limitation, the parcel number of each delinquent parcel, the identity of the property owner and the amount then delinquent) for each parcel delinquent in the payment of \$2,500 or more in Special Tax or any parcels under common ownership that are responsible for \$5,000 or more of Special Tax; and
 - (b) the total dollar amount of delinquencies in Improvement Area Nos. 3, 11, & 14 of the District with respect to the December 10 tax payment date and, in

the event that such total delinquencies with respect to the December 10 tax payment date exceed 5% of the Special Tax for the previous year, a list of all delinquent parcels, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

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 City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Bondholders;
4. optional, contingent or unscheduled bond calls;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers, or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds.

(b) The Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, or as soon as reasonably practicable thereafter, 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 subsection (f) and promptly direct the Trustee whether or not to report such event to the Bondholders. In the absence of such direction the Trustee shall not report such event unless otherwise required to be reported by the Trustee to the Bondholders under the Indenture. The Trustee may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Trustee shall have no responsibility to determine the materiality of any of the Listed Events.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the District determines that the Listed Event would not be material under applicable federal securities laws, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository or the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

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(f).

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 BNY Western Trust Company. The Dissemination Agent may resign by providing thirty days written notice to the District and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by 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, Dissemination Agent and the Trustee may amend this Disclosure Agreement (and the Trustee and Dissemination Agent shall agree to any amendment so requested by the District) provided, neither the Trustee nor the Dissemination Agent shall 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 the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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 Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee (at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Indenture pertaining to the Trustee is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent and Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's respective negligence or wilful misconduct. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, or any other party. Neither the Trustee or the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Agreement. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District: City of Beaumont Community Facilities District No. 93-1
 c/o City of Beaumont
 550 East 6th Street
 Beaumont, California 92223
 Attn: City Manager

To the Trustee: BNY Western Trust Company
 700 S. Flower Street, Suite 500
 Los Angeles, California 90017
 Attn: Corporation Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. 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.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 93-1

By _____
Mayor, on behalf of the District

BNY WESTERN TRUST COMPANY,
as Dissemination Agent and Trustee

By _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Beaumont Community Facilities District No. 93-1

Name of Bond Issue: Beaumont Financing Authority
2000 Local Agency Revenue Bonds, Series A

Date of Issuance: June 21, 2000

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 May 1, 2000, with respect to the Bonds. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

BNY WESTERN TRUST COMPANY,
on behalf of District

cc: Issuer

CONTINUING DISCLOSURE AGREEMENT (Property Owner)

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of May 1, 2000, is executed and delivered by _____ (the "Property Owner") and BNY Western Trust Company, as trustee (the "Trustee") and acting in its capacity as Dissemination Agent hereunder, in connection with the issuance of the \$14,725,000 Beaumont Financing Authority 2000 Local Agency Revenue Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to provisions of an Indenture of Trust dated as of January 15, 1994, by and between the Beaumont Financing Authority (the "Issuer") and the Trustee (the "Original Indenture") and First Supplemental Indenture of Trust, dated as of May 1, 2000 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), by and between the Issuer and the Trustee. The Property Owner, the Dissemination Agent and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Property Owner and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, 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:

"Affiliate" of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, five percent (5%) or more of the outstanding voting securities of such other Person, (b) any Person whose outstanding voting securities of five percent (5%) or more are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

"Annual Report" shall mean any Annual Report or its addendum provided by the Major Owner pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Assumption Agreement" means an undertaking of a Major Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Agreement (as modified for such Major Owners development and financing plans with respect to Improvement Area No. ___ of the District), whereby such Major Owner or Affiliate agrees to provide annual reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in Improvement Area No. ___ of the District owned by such Major Owner and its Affiliates

and, at the option of the Property Owner or such Major Owner, agrees to indemnify the Dissemination Agent pursuant to a provision substantially in the form of Section 11 hereof.

"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 _____ of the Property Owner or his or her designee, or such other officer or employee as the Property Owner shall designate in writing to the Trustee and Dissemination Agent from time to time.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Property Owner and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean Community Facilities District No. 93-1 of the City of Beaumont.

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

"Major Owner" shall mean an owner (including all Affiliates of such owner) of land in Improvement Area No. ____ of the District responsible in the aggregate for 20% or more of the annual special taxes levied in Improvement Area ____ of the District.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in the SEC website located at <http://www.sec.gov/consumer/nrmsir.htm>.

"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.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Repository" shall mean each National Repository and each State Repository.

"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.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) Property Owner shall, or, upon written direction, shall cause the Dissemination Agent to, not later than 120 days after the end of the Property Owner's fiscal year, commencing with fiscal year 2000-2001, provide to each Repository and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement with a copy to the Trustee and the Issuer. Property Owner shall, or, upon written direction, shall cause the Dissemination Agent to, not later than six months following the date the immediately preceding Annual Report was provided to each Repository, provide to each Repository and the Participating Underwriter an addendum to such Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement with a copy to the Trustee and the Issuer. Not later than fifteen (15) Business Days prior to said date, Property Owner shall provide the Annual Report to the Dissemination Agent. Property Owner shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee and the Issuer to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent, the Issuer and the Trustee may conclusively rely upon such certification of Property Owner and shall have no duty or obligation to review such Annual Report. 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. If Property Owner's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If the Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository or to the Municipal Securities Rulemaking Board and the State Repository, if any in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) to the extent information is known to it, file a report with the Issuer, the Property Owner and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports and Addendum. The Property Owner's Annual Report shall contain or include by reference the following:

(i) Relating to all property owned by Property Owner within Improvement Area No. ___ of the District (the "Property"), a summary of the Property Owner's development activity on the Property during the Property Owner's last fiscal year: (A) number of acres/lots owned by the Property Owner or its Affiliates, (B) progress of construction activities on the Property, and (C) number of acres/lots sold by Property Owner or its Affiliates to end users or builders as of the end of the applicable fiscal year or a more recent date.

(ii) Any material changes in the information relating to the Property Owner and/or the Property contained in the Official Statement under the caption "THE DISTRICT" (excluding subcaptions "Market Absorption Study" and "The Appraisal") and "BONDOWNERS' RISKS - The District Bonds - - Endangered and Threatened Species" and " - - Other Possible Claims Upon the Values of a Parcel."

(iii) A description of the status of any land purchase contracts with regard to the Property.

(iv) A description of any change in the legal structure of the Property Owner and/or the financial condition of the Property Owner that would materially interfere with its ability to complete the development plan described in the Official Statement under the caption "THE DISTRICT - - The Improvement Areas" (the "Development Plan") or to pay its special taxes.

(v) A description of any material changes in the Development Plan including number of lots in blue topped condition.

(vi) A pro forma financing statement relating to the Development Plan detailing (A) amount spent to date, (B) the remaining costs to complete the Development Plan including timing of such disbursements and (B) the source of financing for such remaining development costs.

(vii) A description of any previously undisclosed material amendment to the land use entitlement for the Property.

(viii) An update of the status of any previously reported Listed Event described in Section 5 hereof.

(ix) A statement as to whether or not the Property Owner and all of its Affiliates paid, prior to their becoming delinquent, all special taxes levied on the property owned by the Property Owner and such Affiliates within Improvement Area No. ___ and if such Property Owner or any of such Affiliates is delinquent in the payment of such special taxes, a statement identifying each entity that is so delinquent, specifying the amount of each such delinquency and describing any plans to resolve such delinquency.

(x) A description of any material changes in the financing plan of the Property Owner for the Development Plan described in the Official Statement under the caption "THE DISTRICT - The Improvement Areas" and the causes or rationale for such changes.

The Property Owner's addendum to the Annual Report shall contain or include by reference the following:

(i) A description of the status of any land purchase contracts with regard to the Property.

(ii) A pro forma financing statement relating to the Development Plan detailing (A) amount spent to date, (B) the remaining costs to complete the Development Plan including timing of such disbursements and (B) the source of financing for such remaining development costs.

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 Property Owner or related entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Property Owner shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Property Owner shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. bankruptcy or insolvency proceedings commenced by or against Property Owner or a partner or Affiliate thereof that would materially interfere with its ability to complete the Development Plan or to pay its special taxes;

2. failure to pay any taxes, special taxes or assessments due with respect to the property owned by the Property Owner within Improvement Area __ of the District;

3. filing of a lawsuit against Property Owner or a partner or Affiliate thereof seeking damages, or a judgment in a lawsuit against Property Owner or a partner or Affiliate thereof, which could have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the property within Improvement Area No. __ of the District owned by the Property Owner;

4. any conveyance by the Property Owner of property to an entity that is not an Affiliate of such Property Owner, the result of which conveyance is to cause the transferee to become a Major Owner;

5. any denial or termination of credit, any denial or termination of, or default under, any line of credit or loan or any other loss of a source of funds that could have a material adverse affect on the Property Owner's most recently disclosed financing plan or the ability of the Property Owner or any Affiliate to pay Special Taxes when due;

6. any significant amendments to land use entitlement for the Property Owner's property;

7. any previously undisclosed governmentally-imposed preconditions to commencement or continuation of development on the Property Owner's property;

8. any previously undisclosed legislative, administrative or judicial challenges to development on the Property Owner's property;

9. any change in the alignment, design or likelihood of completion of significant public improvement affecting the Property Owner's property, including major thoroughfares, sewers, water conveyance systems and similar facilities; and

10. The assumption of any obligation by a Major Owner pursuant to Section 6.

(b) The Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, or as soon as reasonably practicable thereafter, contact the Disclosure Representative, inform such person of the event, and request that the Property Owner promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f) and promptly direct the Trustee whether or not to report such event to the Bondholders. In the absence of such direction the Trustee shall not report such event unless otherwise required to be reported by the Trustee to the Bondholders under the Indenture. The Trustee may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Trustee shall have no responsibility to determine the materiality of any of the Listed Events.

(c) Whenever the Property Owner obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Property Owner shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Property Owner has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Property Owner shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Property Owner determines that the Listed Event would not be material under applicable federal securities laws, the Property Owner shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Property Owner to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository or the Repositories.

SECTION 6. Duration of Reporting Obligation. (a) All of the Property Owner's obligations hereunder shall commence on such date as property owned by the Property Owner is responsible for payment of 20% or more of the special taxes in Improvement Area No. ___ and shall terminate (except as provided in Section 11) upon (i) the legal defeasance, prior redemption or payment in full of all the Bonds or (ii) so long as the Bonds are outstanding, at such time as property owned by the Property Owner is no longer responsible for payment of 20% or more of the special taxes in Improvement Area No. ___. Upon the occurrence of any such termination or suspension prior to the final maturity of the Bonds, the Property Owner shall give notice of such termination or suspension in the same manner as for a Listed event under Section 5.

(b) If a portion of the property in Improvement Area No. ___ of the District owned by the Property Owner, or any Affiliate of Property Owner, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of Property Owner hereunder with respect to such property owned by such Major Owner and its Affiliates shall be assumed by such Major Owner or by an Affiliate thereof and the Property Owner obligations hereunder will be terminated. In order to effect such an assumption, such Major Owner or Affiliate shall enter into an Assumption Agreement. The entering into an Assumption Agreement by such Major Owner or Affiliate shall be a condition precedent to the conveyance of such property and the Property Owner shall provide a copy of the executed Assumption Agreement to the Trustee and the Authority prior to such conveyance.

SECTION 7. Dissemination Agent. The Property Owner 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 Property Owner pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be BNY Western Trust Company. The Dissemination Agent may resign by providing thirty days written notice to the Property Owner, the Issuer and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Property Owner. 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 Property Owner in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Property Owner, Dissemination Agent and the Trustee may amend this Disclosure Agreement (and the Trustee and Dissemination Agent shall agree to any amendment so requested by the Property Owner) provided, neither the Trustee nor the Dissemination Agent shall 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 the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Property Owner 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 Property Owner.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Property Owner 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 Property Owner 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 Property Owner shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Property Owner or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee (at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall but only to the extent funds in an amount satisfactory to the Trustee have been provided

to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Property Owner or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Property Owner or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Indenture pertaining to the Trustee is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Property Owner agrees to indemnify and save the Dissemination Agent and Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the reasonable exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding losses, expenses or liabilities due to the Dissemination Agent's or Trustee's respective negligence or wilful misconduct. The Dissemination Agent shall be paid compensation by the Property Owner for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the Property Owner, the Bondholders, or any other party. Neither the Trustee or the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Agreement. The obligations of the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Beaumont Financing Authority
	550 East 6 th Street
	Beaumont, California 92223
	Attn: City Manager

To the Trustee: BNY Western Trust Company
700 S. Flower Street, Suite 500
Los Angeles, California 90017
Attn: Corporation Trust Department

To the Property Owner: _____

Attn: _____

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Property Owner, the Trustee, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. 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.

[PROPERTY OWNER]

By _____
Authorized Officer

BNY WESTERN TRUST COMPANY,
as Dissemination Agent and Trustee

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: [Property Owner]

Name of Bond Issue: Beaumont Financing Authority
2000 Local Agency Revenue Bonds, Series A

Date of Issuance: June 21, 2000

NOTICE IS HEREBY GIVEN that the Property Owner has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of May 1, 2000, with respect to the Bonds. [The Property Owner anticipates that the Annual Report will be filed by _____.]

Dated: _____

BNY WESTERN TRUST COMPANY,
on behalf of Property Owner

cc: Issuer

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APPENDIX H

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds in definitive form, McFarlin & Anderson, Lake Forest, California, Bond Counsel to the Beaumont Financing Authority, proposes to render its final approving opinion with respect thereto in substantially the following form:

[CLOSING DATE]

Beaumont Financing Authority
550 East Sixth Street
Beaumont, California 92223

Re: Beaumont Financing Authority
2000 Local Agency Revenue Bonds, Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Beaumont Financing Authority (the "Authority") in connection with the issuance by the Authority of \$_____ aggregate principal amount of 2000 Local Agency Revenue Bonds, Series A (the "Authority Bonds"). The Authority Bonds are being issued pursuant to and by authority of the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and the Indenture of Trust (the "Authority Indenture"), dated as of January 15, 1994, between the Authority and BNY Western Trust Company (successor to Meridian Trust Company of California) (the "Trustee") as amended and supplemented by the First Supplemental Indenture (the "Supplemental Indenture") dated as of _____, 2000 by and between the Authority and the Trustee. The Authority Bonds have been issued by the Authority to purchase from the City of Beaumont Community Facilities District No. 93-1 (the "District") three series of its bonds (collectively, the "District Bonds") each with respect to a particular Improvement Area within the District, the proceeds of which will be used to provide funds relating to the acquisition and construction of certain public facilities to be acquired and constructed on behalf of the District.

In such connection, we have examined the record of the proceedings submitted to us relative to the issuance of the Authority Bonds, including the Authority Indenture, the Tax Certificate dated the date hereof by the Authority and the District, certifications of the Authority, the District, the City, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Authority Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Authority Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Authority Bond or the interest thereon if

any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Authority Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Authority Indenture, the Tax Certificate and in certain other documents, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions and events will not cause interest on the Authority Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Authority Bonds, the Authority Indenture and the Tax Certificate are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities and cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion upon the plans, specifications, maps, financial reports, appraisals, market studies and other engineering or financial details of the proceedings, or upon the validity of special taxes levied by the District upon any individual separate parcel within any Improvement Area within the District. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Authority Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority Bonds constitute the valid and binding limited obligations of the Authority, payable solely from the Revenues (as defined in the Authority Indenture), and any other amounts (including proceeds of the sale of the Authority Bonds) held by the Trustee in any fund or account, except the Rebate Fund, established pursuant to the Authority Indenture, subject to the provisions of the Authority Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Authority Indenture.

2. The Authority Indenture has been duly executed and delivered by, and constitutes the valid and binding limited obligation of, the Authority.

3. Interest on the Authority Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Authority Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Authority Bonds.

The foregoing represent our interpretation of applicable law to the facts as described herein. We bring to your attention the fact that our conclusions are an expression of professional judgment and are not a guarantee of a result.

Sincerely,

McFARLIN & ANDERSON

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