

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (including any original issue discount allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel interest on the Bonds is exempt from personal income taxation imposed by the State of California. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "LEGAL MATTERS - Tax Exemption."

**\$6,895,000**

**COMMUNITY FACILITIES DISTRICT NO. 2017-2  
OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT  
SERIES 2024 SPECIAL TAX BONDS**

**Dated: Date of Delivery**

**Due: September 1, as shown on inside cover.**

**Authority for Issuance.** The bonds captioned above (the "Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement dated as of March 1, 2024 (the "Fiscal Agent Agreement"), by and between Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (the "Community Facilities District"), and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"). The Governing Board (the "Board") of the Lake Elsinore Unified School District (the "School District"), acting as Legislative Body of the Community Facilities District, has authorized the issuance of the Bonds in an aggregate principal amount not to exceed \$7,500,000. See "THE BONDS – Authority for Issuance."

**Security and Sources of Payment.** The Bonds are payable from proceeds of Net Taxes (as defined herein) levied on property within the boundaries of the Community Facilities District according to the rate and method of apportionment of special tax approved by the Board and the eligible landowner voter in the Community Facilities District. The Bonds are secured by a first pledge of the revenues derived from the Net Taxes and the moneys on deposit in certain funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS."

**Use of Proceeds.** The Bonds are being issued to (i) finance the acquisition, construction and completion of certain facilities and improvements to be owned and operated by the School District, (ii) finance the acquisition and construction of certain public facilities to be owned by the City of Wildomar and certain public water and sewer facilities to be owned by the Elsinore Valley Municipal Water District, (iii) fund a debt service reserve fund for the Bonds, (iv) fund capitalized interest with respect to the Bonds for a limited period, and (v) pay certain costs of issuing the Bonds. See "FINANCING PLAN."

**Bond Terms.** Interest on the Bonds is payable on each March 1 and September 1, commencing on September 1, 2024. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. See "THE BONDS – General Bond Terms" and "APPENDIX D – DTC and the Book-Entry Only System."

**Redemption.** The Bonds are subject to optional redemption, mandatory redemption from prepaid Special Taxes and mandatory sinking fund redemption before maturity. See "THE BONDS - Redemption."

**THE BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE BONDS, ARE NOT AN INDEBTEDNESS OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. OTHER THAN THE NET TAXES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE NET TAXES AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.**

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**MATURITY SCHEDULE**  
(see inside cover)

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**This 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 that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.**

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Community Facilities District by Jones Hall, A Professional Law Corporation, San Francisco, California, as disclosure counsel, and by Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, special district counsel to the School District. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about March 5, 2024.

**STIFEL**

## MATURITY SCHEDULE

### \$520,000 Serial Bonds (Base CUSIP†: 509640)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. †
2025	\$10,000	5.000%	2.990%	102.905%	ZX9
2026	20,000	5.000	3.130	104.443	ZY7
2027	25,000	5.000	3.210	105.863	ZZ4
2028	35,000	5.000	3.310	106.995	A24
2029	45,000	5.000	3.460	107.638	A32
2030	55,000	5.000	3.610	107.976	A40
2031	65,000	5.000	3.710	108.367	A57
2032	75,000	5.000	3.770	108.864	A65
2033	90,000	5.000	3.780	109.314 <sup>C</sup>	A73
2034	100,000	5.000	3.810	109.132 <sup>C</sup>	A81

\$730,000 5.000% Term Bond due September 1, 2039, Yield: 4.220%, Price: 106.046% <sup>CC</sup>  
CUSIP† 509640 A99

\$1,195,000 5.000% Term Bond due September 1, 2044, Yield: 4.550%, Price: 103.435% <sup>CC</sup>  
CUSIP† 509640 B23

\$1,810,000 5.000% Term Bond due September 1, 2049, Yield: 4.790%, Price: 101.585% <sup>CC</sup>  
CUSIP† 509640 B31

\$2,640,000 5.000% Term Bond due September 1, 2054, Yield: 4.850%, Price: 101.129% <sup>CC</sup>  
CUSIP† 509640 B49

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright 2024 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the Community Facilities District, School District or Underwriter assumes any responsibility for the accuracy of CUSIP data.

C Priced to optional redemption at 103% on September 1, 2030.

CC Priced to optional redemption at par on September 1, 2033.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the School District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within the Community Facilities District since the date of this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

**Preparation of this Official Statement.** The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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 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.

**Document References and Summaries.** All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Bonds are Exempt from Securities Laws Registration.** The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

**Estimates and Projections.** Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMMUNITY FACILITIES DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

The School District maintains a website; however, the information that it contains is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

## **LAKE ELSINORE UNIFIED SCHOOL DISTRICT**

### **GOVERNING BOARD**

Heidi Matthies Dodd, *President, Trustee Area No. 3*  
Jennette Vanderpool, Ed.D., *Clerk, Trustee Area No. 2*  
Jill Leonard, *Trustee Area No. 5*  
April Purkiss, *Trustee Area No. 1*  
Juan I. Saucedo, *Trustee Area No. 4*

### **DISTRICT ADMINISTRATION**

Ryan Lewis, Ed.D., *Superintendent*  
James Judziewicz, *Assistant Superintendent, Facilities & Operations Support Services*  
Alain Guevara, Ed.D., *Assistant Superintendent, Community & Family Engagement*  
Kip Meyer, Ed.D., *Assistant Superintendent, Student Support Services*  
Julie Edmunds, *Assistant Superintendent, Fiscal Support Services*  
Tracy Sepulveda, *Assistant Superintendent, Personnel Support Services*

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### **PROFESSIONAL SERVICES**

#### **BOND COUNSEL AND SPECIAL DISTRICT COUNSEL**

Atkinson, Andelson, Loya, Ruud & Romo,  
A Professional Law Corporation  
Irvine, California

#### **DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation  
San Francisco, California

#### **MUNICIPAL ADVISOR**

Piper Sandler & Co.  
El Segundo, California

#### **SPECIAL TAX CONSULTANT, COMMUNITY FACILITIES DISTRICT ADMINISTRATOR and DISSEMINATION AGENT**

KeyAnalytics  
Ladera Ranch, California

#### **APPRAISER**

Stephen G. White, MAI,  
Fullerton, California

#### **FISCAL AGENT**

Zions Bancorporation, National Association,  
Los Angeles, California



# ***Lake Elsinore Unified School District***

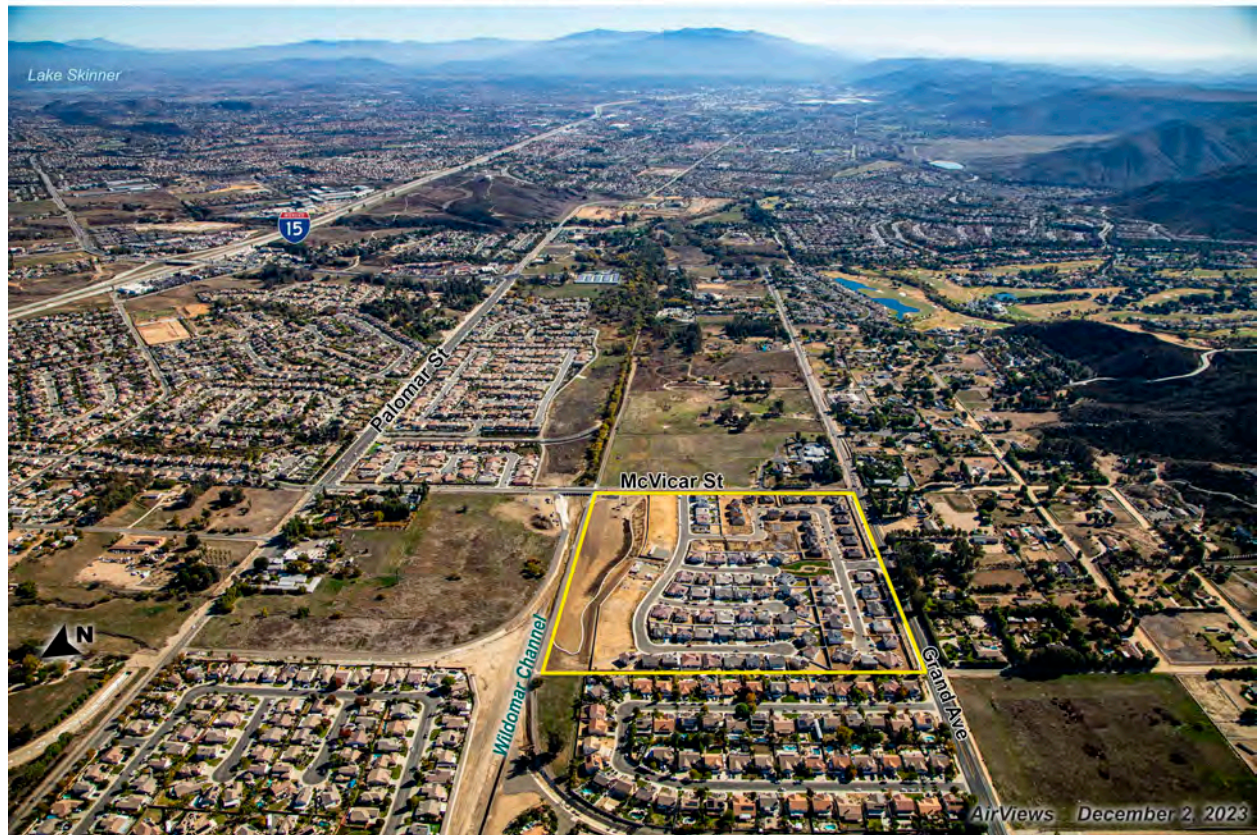
## ***(Riverside County, California)***

### **Regional Location Map**





COMMUNITY FACILITIES DISTRICT NO. 2017-2 OF THE  
LAKE ELSINORE UNIFIED SCHOOL DISTRICT (BOULDER CREEK)



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## OFFICIAL STATEMENT

**\$6,895,000**  
**COMMUNITY FACILITIES DISTRICT NO. 2017-2**  
**OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT**  
**SERIES 2024 SPECIAL TAX BONDS**

### INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**Bonds**”) to be issued by Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (the “**Community Facilities District**”).

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

*Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below). See “APPENDIX C.”*

**The School District.** The Lake Elsinore Unified School District (the “**School District**”) provides public education within an approximately 140-square mile incorporated and unincorporated area in Riverside County (the “**County**”). In addition to unincorporated areas of the County, the School District boundaries encompass the southern region of the City of Corona, the western region of the City of Perris, and the Cities of Wildomar, Lake Elsinore, and Canyon Lake. The School District was established in November 1988, through a merger of the Elsinore Elementary District and the Elsinore Union High School District, each of which had been in existence for approximately 100 years. On July 1, 1989, the School District completed Lake Elsinore Unified School District proceedings to reorganize as a unified school district utilizing the same boundaries as the predecessor districts under the name “Lake Elsinore Unified School District.” The School District currently operates 13 elementary schools, 4 middle schools, 3 comprehensive high schools, 3 alternative schools and 2 K-8 schools, serving approximately 20,000 students. As of the First Interim Report for Fiscal Year 2023-24, the School District’s projected Fiscal Year 2023-24 enrollment was approximately 20,700. For economic and demographic information regarding the area in and around the School District, see APPENDIX A.

The administration headquarters of the School District are located at 545 Chaney Street, Lake Elsinore, California. For further information on the School District see its Internet home page at [www.leusd.k12.ca.us](http://www.leusd.k12.ca.us). *This Internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

**The Community Facilities District.** The Community Facilities District was formed and established by the Governing Board of the School District (the “**Board**”), which acts as the Legislative Body of the Community Facilities District, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), pursuant to a resolution adopted by the Board following a public hearing, and a

landowner election at which the qualified electors of the Community Facilities District authorized the Community Facilities District to incur bonded indebtedness and approved the levy of special taxes. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

***Authority for Issuance of the Bonds.*** The Bonds are issued under the Act, certain resolutions adopted by the Board, including Resolution No. 2023-24-044 adopted on January 18, 2024 (the "**Resolution of Issuance**"), and a Fiscal Agent Agreement dated as of March 1, 2024 (the "**Fiscal Agent Agreement**"), by and between the Community Facilities District and Zions Bancorporation, National Association, as fiscal agent (the "**Fiscal Agent**"). See "THE BONDS – Authority for Issuance."

***Purpose of the Bonds.*** Proceeds of the Bonds will be used to (i) finance the acquisition, construction and completion of certain facilities and improvements to be owned and operated by the School District, (ii) finance the acquisition and construction of certain public facilities to be owned by the City of Wildomar and certain public water and sewer facilities to be owned by the Elsinore Valley Municipal Water District, (iii) fund a debt service reserve fund for the Bonds, (iv) fund capitalized interest with respect to the Bonds for a limited period, and (v) pay certain costs of issuing the Bonds. See "FINANCING PLAN."

***Redemption of Bonds Before Maturity.*** The Bonds are subject to optional redemption, mandatory redemption from prepaid Special Taxes and mandatory sinking fund redemption before maturity. See "THE BONDS – Redemption."

***Security and Sources of Payment for the Bonds.*** The Board annually levies special taxes on real property within the boundaries the Community Facilities District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment of Special Taxes of Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (the "**Rate and Method**"). The Bonds are secured by and payable from a first pledge of the net proceeds of the Special Taxes (as more particularly defined under the heading entitled "SECURITY FOR THE BONDS - General," the "**Net Taxes**"). The Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS."

***Reserve Fund.*** As further security for the Bonds, the Community Facilities District will use a portion of the proceeds of the Bonds to deposit funds into the Reserve Fund established under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Reserve Fund."

***Covenant to Foreclose.*** The Community Facilities District has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE BONDS - Covenant to Foreclose."

***Issuance of Future Parity Bonds for Refunding.*** Under the Fiscal Agent Agreement, the Community Facilities District may issue additional bonds or other indebtedness payable and secured on a parity with the Bonds, but only for refunding purposes. See "SECURITY FOR THE BONDS - Issuance of Future Parity Bonds for Refunding."

**Property Ownership and Development Status.** The Taxable Property in the Community Facilities District currently consists of 108 parcels being developed by Beazer Homes Holdings, LLC, a Delaware limited liability company (“**Beazer Homes**” or the “**Developer**”). As of January 15, 2024, ownership and development status of the Taxable Property in the Community Facilities District was as follows:

<b>Status</b>	<b>Parcels</b>
Individual Homeowners -- completed homes	56
Beazer Homes -- completed model homes	4
Beazer Homes -- homes under construction	35
Beazer Homes – vacant lots	13
Total	108

As of January 15, 2024, 29 homes were in escrow for sale to individual homebuyers that were scheduled to close by May 20, 2024. *Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer.*

For detailed information about the development status for the property in the Community Facilities District, see “PROPERTY OWNERSHIP AND PROPOSED PROPERTY DEVELOPMENT.”

**Appraisal.** An appraisal of the 108 parcels within the Community Facilities District dated December 15, 2023 (the “**Appraisal**”) was prepared by Stephen G. White, MAI, Fullerton, California (the “**Appraiser**”), in connection with issuance of the Bonds. The purpose of the Appraisal was to estimate the aggregate market value of the as-is condition of the 108 parcels of Taxable Property in the Community Facilities District. Subject to the assumptions and limiting conditions contained in the Appraisal, the Appraiser estimated that the Taxable Property within the Community Facilities District, subject to the lien of the Special Taxes, had an estimated aggregate market value of \$52,715,000 as of a December 1, 2023, date of value.

See “THE COMMUNITY FACILITIES DISTRICT – Appraised Property Value” and “APPENDIX I.”

**Value-Lien Ratios.** The market values reported in the Appraisal result in an approximate value-to-burden ratio of 7.65:1, based on the preliminary principal amount of the Bonds of \$6,895,000. See “THE COMMUNITY FACILITIES DISTRICT – Appraised Value-to-Burden Ratios” and “BOND OWNERS’ RISKS – Appraised Value-to-Burden Ratios.”

**Tax Matters.** In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (including any original issue discount allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (“**Code**”). In the further opinion of Bond Counsel interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel interest on the Bonds is exempt from personal income taxation imposed by the State of California (“**State**”). Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Set forth in APPENDIX G is the form of opinion Bond Counsel is expected to deliver in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest paid on the Bonds, see “LEGAL MATTERS – Tax Exemption.”

***Risk Factors Associated with Purchasing the Bonds.*** Investment in the Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS’ RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Bonds.

## FINANCING PLAN

### Facilities Funding Plan

A portion of the proceeds of the Bonds will be used to finance the acquisition and construction of certain public facilities and improvements to be owned and operated by the School District (the “**School Facilities**”), certain public facilities to be owned and operated by the City of Wildomar (the “**City Facilities**”) and certain public water and sewer facilities to be owned and operated by the Elsinore Valley Municipal Water District (the “**Water District Facilities**”), as further described below.

The School District and Beazer Homes entered into an agreement entitled “School Facilities Funding and Mitigation Agreement” dated as of June 14, 2017 (the “**Funding Agreement**”), in order to establish the contractual obligation of Beazer Homes to provide funding to the School District to mitigate the school facilities impacts of each dwelling unit to be developed within the Community Facilities District and to establish a means for funding and financing this mitigation amount through the levy of the Special Taxes and the issuance of the Bonds.

In addition, the Funding Agreement established a means for funding and financing the City Facilities and Water District Facilities, which are also subject to the terms of a joint community facilities agreement dated as of December 15, 2021, by and among the Community Facilities District, Beazer Homes and the City of Wildomar, and a joint community facilities agreement dated as of August 10, 2017, by and among the Community Facilities District, Beazer Homes and the Elsinore Valley Municipal Water District.

The proceeds of the Bonds anticipated to be allocated to the payment of School Facilities, City Facilities and Water District Facilities, are set forth below.



## Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the Bonds will be deposited into the following funds established under the Fiscal Agent Agreement, as applicable:

### SOURCES

Principal Amount of Bonds	\$6,895,000.00
<i>Plus:</i> Original Issue Premium	186,196.30
<i>Total Sources</i>	<hr/> \$7,081,196.30

### USES

Deposit into School Facilities Account [1]	\$2,242,251.83
Deposit into City Facilities Account [1]	1,638,989.08
Deposit into EVMWD Facilities Account [1]	2,237,251.83
Deposit into Reserve Fund [2]	599,708.00
Deposit into Costs of Issuance Account [3]	241,950.00
Deposit into Capitalized Interest Subaccount [4]	12,449.31
Underwriter's Discount	108,596.25
<i>Total Uses</i>	<hr/> \$7,081,196.30

- 
- [1] To be used to fund the costs of School Facilities, City Facilities and Water District Facilities, respectively. See "– Facilities Funding Plan" above.
- [2] Equal to the Reserve Requirement with respect to the Bonds as of their date of delivery.
- [3] Includes, among other things, the fees and expenses of Bond Counsel, Special District Counsel and Disclosure Counsel, the cost of printing the Preliminary and final Official Statements, reimbursement to Beazer Homes of certain Community Facilities District formation costs, fees and expenses of the Fiscal Agent, Appraiser, Municipal Advisor, and Special Tax Consultant.
- [4] Represents partial capitalized interest with respect to the Bonds through September 1, 2024.

## THE BONDS

*This section generally describes the terms of the Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.*

### Authority for Issuance

The Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the Board has authorized the issuance of the Bonds in a maximum principal amount of \$7,500,000.

### General Bond Terms

***Dated Date, Maturity and Authorized Denominations.*** The Bonds will be dated their date of delivery (the “**Dated Date**”) and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple of \$5,000.

***Calculation of Interest.*** Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing September 1, 2024 (each, an “**Interest Payment Date**”), until the principal sum of the Bonds has been paid; provided, however, that if, at the maturity date of any Bond (or if the same is redeemable and is duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with the terms of the Fiscal Agent Agreement, such Bond will then cease to bear interest.

Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication, unless

- (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication,
- (ii) the date of authentication is after a Record Date (as defined below) but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or
- (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the dated date of such bond.

However, if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last date on which the interest has been paid or made available for payment, or if no interest has been paid or made available for payment, interest will be payable from the dated date of such bond.

***DTC and Book-Entry Only System.*** The Depository Trust Company (“**DTC**”) will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See APPENDIX D – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

***Payments of Interest and Principal.*** For so long as DTC is used as depository for the Bonds, principal of, premium, if any, and interest payments on the Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the Bonds, for distribution to the beneficial owners of the Bonds in accordance with the procedures adopted by DTC.

The Bonds will be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America.

The principal of the Bonds and any premiums due upon the redemption thereof will be payable upon presentation thereof at the Principal Corporate Trust Office of the Fiscal Agent.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest will be paid by check of the Fiscal Agent mailed on the Interest Payment Date to such Bondowner by first-class mail at his or her address as it appears on the Bond Register as of the Record Date; provided that, in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, upon the Fiscal Agent's receipt of written request of such Owner prior to the Record Date accompanied by wire transfer instructions, such interest will be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in the United States.

***Record Date.*** "Record Date" means the 15th day of the calendar month preceding an Interest Payment Date, whether or not such day is a Business Day.

## **Redemption**

***Optional Redemption.*** The Bonds maturing on or before September 1, 2030, are not subject to optional call and redemption before maturity.

The Bonds maturing on or after September 1, 2031, are subject to optional call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Community Facilities District and by lot within a maturity, on any Interest Payment Date on or after September 1, 2030, from funds derived by the Community Facilities District from any source, at the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 2030, and March 1, 2031	103%
September 1, 2031, and March 1, 2032	102
September 1, 2032, and March 1, 2033	101
September 1, 2033, and any date thereafter	100

***Mandatory Sinking Fund Redemption.*** The Outstanding Bond maturing on September 1, 2039 (the "2039 Term Bond") is subject to mandatory sinking fund redemption before maturity on September 1, 2035, and on each September 1 thereafter to and including September 1, 2039. The 2039 Term Bond will be redeemed from Mandatory Sinking Payments that have been deposited one Business Day prior to each September 1, commencing September 1, 2035, into the Sinking Fund Redemption Account of the Redemption Fund pursuant to the Fiscal Agent Agreement, as set forth in the following table:

### 2039 Term Bond

Sinking Fund Redemption Date (September 1)	Sinking Payments
2035	\$115,000
2036	130,000
2037	145,000
2038	160,000
2039 (maturity)	180,000

The Outstanding Bond maturing on September 1, 2044 (the “**2044 Term Bond**”) is subject to mandatory sinking fund redemption before maturity on September 1, 2040, and on each September 1 thereafter to and including September 1, 2044. The 2044 Term Bond will be redeemed from Mandatory Sinking Payments that have been deposited one Business Day prior to each September 1, commencing September 1, 2040, into the Sinking Fund Redemption Account of the Redemption Fund pursuant to the Fiscal Agent Agreement, as set forth in the following table:

### 2044 Term Bond

Sinking Fund Redemption Date (September 1)	Sinking Payments
2040	\$195,000
2041	215,000
2042	240,000
2043	260,000
2044 (maturity)	285,000

The Outstanding Bond maturing on September 1, 2049 (the “**2049 Term Bond**”) is subject to mandatory sinking fund redemption before maturity on September 1, 2045, and on each September 1 thereafter to and including September 1, 2049. The 2049 Term Bond will be redeemed from Mandatory Sinking Payments that have been deposited one Business Day prior to each September 1, commencing September 1, 2045, into the Sinking Fund Redemption Account of the Redemption Fund pursuant to the Fiscal Agent Agreement, as set forth in the following table:

### 2049 Term Bond

Sinking Fund Redemption Date (September 1)	Sinking Payments
2045	\$305,000
2046	335,000
2047	360,000
2048	390,000
2049 (maturity)	420,000

The Outstanding Bond maturing on September 1, 2054 (the “**2054 Term Bond**”) is subject to mandatory sinking fund redemption before maturity on September 1, 2050, and on each September 1 thereafter to and including September 1, 2054. The 2054 Term Bond will be redeemed from Mandatory Sinking Payments that have been deposited one Business Day prior to each September 1, commencing

September 1, 2050, into the Sinking Fund Redemption Account of the Redemption Fund pursuant to the Fiscal Agent Agreement, as set forth in the following table:

### 2054 Term Bond

Sinking Fund Redemption Date (September 1)	Sinking Payments
2050	\$455,000
2051	490,000
2052	525,000
2053	565,000
2054 (maturity)	605,000

The 2039 Term Bond, the 2044 Term Bond, the 2049 Term Bond and the 2054 Term Bond (collectively, the “**Term Bonds**”) to be so redeemed will be determined by lot (as further set out in the Fiscal Agent Agreement), and will be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium

If some but not all of the Term Bonds have been redeemed through optional redemption or mandatory redemption from Special Tax prepayments, Mandatory Sinking Payments for such Term Bond set forth above will be proportionately reduced pursuant to calculations made by the Fiscal Agent.

***Special Mandatory Redemption From Prepaid Special Taxes.*** The Bonds are subject to special mandatory redemption prior to their stated maturities, in whole, or in part, on any Interest Payment Date for which timely notice can be given, in integral multiples of \$5,000 from moneys on deposit in the Prepayment Account of the Special Tax Fund upon payment of the redemption prices set forth below, which are expressed as a percentage of the principal amount thereof, plus accrued interest to the date fixed for redemption.

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date through March 1, 2031	103%
September 1, 2031, and March 1, 2032	102
September 1, 2032, and March 1, 2033	101
September 1, 2033, and any Interest Payment Date thereafter	100

In connection with a special mandatory redemption from prepaid special taxes, the Community Facilities District may also apply amounts in the Reserve Fund which will be in excess of the Reserve Requirement, if any, as a result of such Special Tax prepayment to redeem the Bonds as set forth above.

***Selection of Bonds for Redemption.*** If less than all of the Outstanding Bonds are to be redeemed, the Fiscal Agent will select the Bonds to be redeemed as directed by the Community Facilities District, and in the absence of such directions, pro rata among maturities and by lot within a single maturity, and in the case of mandatory redemption from Special Tax prepayments or mandatory sinking fund redemption, by lot within the maturity being called for redemption. The portion of any such Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a multiple thereof, and, in selecting portions of such Bonds for redemption, the Fiscal Agent will treat such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000. If Bonds are to be redeemed through optional redemption or mandatory sinking fund redemption on the same date, or through optional redemption or



mandatory redemption from Special Tax prepayments on the same date, the Fiscal Agent will first select the Bonds to be redeemed pursuant to the provisions for mandatory sinking fund redemption and will then select the Bonds to be redeemed pursuant to either the provisions for optional redemption or mandatory redemption from Special Tax prepayments. Outstanding Bonds registered in the Bond Register in the name of the Nominee will be designated for redemption in accordance with the operating procedures of the Depository.

***Purchase in Lieu of Redemption.*** In lieu of, or partially in lieu of, any optional redemption, mandatory redemption from prepaid Special Taxes, or mandatory sinking fund redemption, moneys deposited in an account of the Redemption Fund may be used to purchase the Outstanding Bonds that were to be redeemed with such funds in the manner described below. Purchases of Outstanding Bonds may be made by the Community Facilities District prior to the selection of Bonds for redemption by the Fiscal Agent, at public or private sale as and when and at such prices as the Community Facilities District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, and, in the case of funds in the Optional Redemption Account or Mandatory Redemption Account, the applicable premium to be paid in connection with the proposed redemption. Any accrued interest payable upon the purchase of Bonds may be paid from the Interest Account of the Bond Fund for payment of interest on the next following Interest Payment Date.

***Notice of Redemption.*** At least 20 days but no more than 60 days prior to the redemption date, the Fiscal Agent will mail by first-class mail a copy of the redemption notice required under the Fiscal Agent Agreement, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption will not be a condition precedent thereto, and neither failure to receive such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bond, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided will be conclusive as against all parties, and it shall not be open to any Owner to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice will be given by the Fiscal Agent at least 20 days before the redemption date to the Securities Depositories at such address as is then in effect, and to the Information Services at such address as is then in effect, as further set forth in the Fiscal Agent Agreement.

*However, while the Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Community Facilities District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.*

***Contingent Redemption Notice and Rescission of Redemption.*** Any optional redemption notice may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the Community Facilities District and/or the Fiscal Agent, as applicable, of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the Community Facilities District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the Community Facilities District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Any notice of optional redemption or mandatory redemption from Special Tax prepayments may be cancelled and annulled if for any reason funds are not, or will not be, available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, provided at least two Business Days prior to the date set for such redemption. Such cancellation and annulment is not a default under the Fiscal Agent Agreement. The Community Facilities District will not have any liability to the Bondowners, or any other party, as a result of the Community Facilities District's failure to redeem any of the Bond designated for redemption as a result of insufficient moneys therefor.

Additionally, the Community Facilities District may rescind any optional redemption of the Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the Community Facilities District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the Community Facilities District's decision to rescind a redemption of any Bonds pursuant to the Fiscal Agent Agreement.

***Effect of Redemption.*** If notice of redemption has been duly given, as provided in the Fiscal Agent Agreement, and the amount necessary for the redemption has been made available for that purpose and being available therefor on the date fixed for such redemption:

(1) The Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Fiscal Agent Agreement, anything in the Fiscal Agent Agreement, or in the Bonds, to the contrary notwithstanding;

(2) Upon presentation and surrender thereof at the Principal Corporate Trust Office, or such other location as may be designated by the Fiscal Agent, such Bond will be redeemed at the said redemption price;

(3) From and after the redemption date, the Bonds or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds or portions thereof will cease to bear further interest; and

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

### **Issuance of Additional Special Tax Bonds or Obligations**

The Community Facilities District will covenant in the Fiscal Agent Agreement that it will not encumber, pledge or place any charge or lien upon any of the Net Taxes or other amounts pledged to the Bonds superior to, or on a parity with, the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Fiscal Agent Agreement and as to bonds issued to fully or partially refund the Bonds.

## Registration, Transfer and Exchange

**Registration.** The Fiscal Agent will keep, or cause to be kept, at the Principal Corporate Trust Office of the Fiscal Agent, sufficient records for the registration and transfer of ownership of the Bonds, which will be open to inspection during regular business hours and upon reasonable notice by the Community Facilities District; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Fiscal Agent Agreement.

**Registration of Exchange or Transfer.** Subject to the provisions of the Fiscal Agent Agreement relating to book-entry Bonds, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney. Bonds may be exchanged at the Principal Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount and maturity of Bonds of other authorized denominations. The Fiscal Agent may charge the Bondowner any tax or other governmental charge required with respect to such transfer or exchange and may charge a reasonable fee for the costs of any such transfer or exchange.

Whenever any Bond is surrendered for registration of transfer or exchange, the Community Facilities District will execute, and the Fiscal Agent will authenticate and deliver, a new Bond, for a like aggregate principal amount and maturity; provided, that the Fiscal Agent will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date established by the Fiscal Agent for selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

*The provisions in the Fiscal Agent Agreement regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX D – DTC and the Book-Entry Only System."*

## DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the Bonds, assuming there are no optional redemptions or mandatory redemptions from special tax prepayments.

Year Ending September 1	Principal	Interest	Total Debt Service
2024	-	\$168,544.44 [1]	\$168,544.44
2025	\$10,000	344,750.00	354,750.00
2026	20,000	344,250.00	364,250.00
2027	25,000	343,250.00	368,250.00
2028	35,000	342,000.00	377,000.00
2029	45,000	340,250.00	385,250.00
2030	55,000	338,000.00	393,000.00
2031	65,000	335,250.00	400,250.00
2032	75,000	332,000.00	407,000.00
2033	90,000	328,250.00	418,250.00
2034	100,000	323,750.00	423,750.00
2035	115,000	318,750.00	433,750.00
2036	130,000	313,000.00	443,000.00
2037	145,000	306,500.00	451,500.00
2038	160,000	299,250.00	459,250.00
2039	180,000	291,250.00	471,250.00
2040	195,000	282,250.00	477,250.00
2041	215,000	272,500.00	487,500.00
2042	240,000	261,750.00	501,750.00
2043	260,000	249,750.00	509,750.00
2044	285,000	236,750.00	521,750.00
2045	305,000	222,500.00	527,500.00
2046	335,000	207,250.00	542,250.00
2047	360,000	190,500.00	550,500.00
2048	390,000	172,500.00	562,500.00
2049	420,000	153,000.00	573,000.00
2050	455,000	132,000.00	587,000.00
2051	490,000	109,250.00	599,250.00
2052	525,000	84,750.00	609,750.00
2053	565,000	58,500.00	623,500.00
2054	605,000	30,250.00	635,250.00
Total:	\$6,895,000	\$7,732,544.44	\$14,627,544.44

[1] A portion of the interest due on September 1, 2024, has been capitalized with a portion of the proceeds of the Bonds. See "FINANCING PLAN – Estimated Sources and Uses of Funds."

Source: Underwriter

## SECURITY FOR THE BONDS

*This section generally describes the security for the Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.*

### General

Under the Act and the Fiscal Agent Agreement, the Bonds are equally payable from the Net Taxes without priority for number, date of the Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof will be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created under the Fiscal Agent Agreement.

Under the Fiscal Agent Agreement, all of the Net Taxes are pledged and set aside for the payment of the Bonds, and such Net Taxes and any interest earned on the Net Taxes will constitute a trust fund for the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon are unpaid, the Net Taxes and interest thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement or any Supplement, and will be held for the benefit of the Bondowners and will be applied pursuant to the Fiscal Agent Agreement, or to this Fiscal Agent Agreement as modified pursuant to the provisions thereof.

Notwithstanding any provision contained in the Fiscal Agent Agreement to the contrary, Net Taxes deposited in the Administrative Expense Fund, the Construction Fund (and its accounts), the Residual Fund and the Rebate Fund will no longer be considered to be pledged to the Bonds and the Administrative Expense Fund, the Construction Fund (and its accounts), the Residual Fund and the Rebate Fund will not be construed as trust funds held for the benefit of the Bondowners.

If the Fiscal Agent lacks sufficient amounts to make timely payment of principal and interest and premium upon redemption, if any, on the Bonds when due, such principal of and interest and premium on the Bonds will be paid from available amounts held by the Fiscal Agent in the Special Tax Fund (and its accounts), Bond Fund (and its accounts), Reserve Fund or Redemption Fund under the Fiscal Agent Agreement (not including those amounts deposited in the Administrative Expense Fund, the Residual Fund, the Construction Fund (and its accounts) and the Rebate Fund) in accordance with such terms without preference or priority of interest over principal or principal over interest, or of any installment of principal or interest over any other installment of principal or interest, ratably to the aggregate amount of such principal and interest.

**“Net Taxes”** is defined in the Fiscal Agent Agreement as the amount of all **“Gross Taxes”** (defined as the amount of all Special Taxes collected within the Community Facilities District and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Fiscal Agent Agreement for the delinquency of the Special Taxes) minus the **“Administrative Expense Requirement”** (which is defined as the amount of \$30,000 for Fiscal Year 2023-24, escalating annually at 2% per Fiscal Year thereafter).

### Limited Obligation

**The Bonds and interest thereon are not payable from the general fund of the Community Facilities District or the School District. Except with respect to the Net Taxes, neither the credit nor the taxing power of the Community Facilities District or the School District is pledged for the payment of the Bonds or interest thereon, and no Owner of the Bonds may compel the exercise**



of the taxing power by the Community Facilities District (except with respect to the Net Taxes) or the School District or the forfeiture of any of their property.

The principal of and interest on the Bonds and premiums upon the redemption of any thereof are not a debt of the Community Facilities District (except to the limited extent described in this Official Statement) or the School District, the State or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the Community Facilities District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, pledged for the payment of the Bonds and interest thereon. Neither the members of the Legislative Body or the Board nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

### **Special Taxes**

***Covenant to Levy Special Taxes to Meet Special Tax Requirement.*** Subject to the maximum Special Tax rates, the Community Facilities District will comply with all requirements of the Act so as to assure the timely collection of the Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

On or before each June 1, commencing June 1, 2024, the Fiscal Agent will provide a written notice to the Community Facilities District stating the amounts then on deposit in the various funds and accounts established by the Fiscal Agent Agreement. The receipt of such notice by the Community Facilities District will in no way affect the obligations of the Community Facilities District under the Fiscal Agent Agreement. Upon receipt of a copy of such notice, the Community Facilities District will communicate with the County Treasurer-Tax Collector or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then-current year.

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

The Community Facilities District will fix and levy the amount of Special Taxes within the Community Facilities District required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds, an amount equal to the Administrative Expense Requirement and any additional amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes.

Notwithstanding the provisions the Fiscal Agent Agreement, the Community Facilities District reserves the right under the terms of the Fiscal Agent Agreement to levy the Special Taxes at a rate below the Maximum Annual Special Tax rate (as defined in the Rate and Method) within a given Fiscal Year so long as the minimum Special Taxes to be collected in such Fiscal Year conform to the requirements set out in the Fiscal Agent Agreement, which will be certified to, in writing, by an Independent Financial Consultant.

**Manner of Collection.** The Fiscal Agent Agreement provides that the Special Taxes will be payable and collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property; provided, the Legislative Body may provide for direct collection of the Special Taxes in certain circumstances.

*Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds.*

## **Rate and Method**

**General.** The Special Tax is levied and collected according to the Rate and Method, which provides the means by which the Board may annually levy the Special Taxes within the Community Facilities District, up to the Maximum Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within the Community Facilities District.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as “APPENDIX B.” The meanings of the defined terms used in this section are as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

**Special Tax Requirement.** Annually, at the time of levying the Special Tax for the Community Facilities District, the Board will determine the amount of money to be levied on Taxable Property in the Community Facilities District (the “**Special Tax Requirement**”), which will be the amount required in any Fiscal Year to pay the following:

- the debt service or the periodic costs on all outstanding Bonds,
- Administrative Expenses of the Community Facilities District (as further described in the Rate and Method),
- the costs associated with the release of funds from an escrow account, if any, and
- any amount required to establish or replenish any reserve funds established in association with the Bonds, and
- the collection or accumulation of funds for the acquisition or construction of school facilities and certain costs associated with the maintenance and operations of school facilities authorized by the Community Facilities District, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four of Section F of the Rate and Method,

less any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement or trust agreement or equivalent agreement or document.

In arriving at the Special Tax Requirement the Administrator will take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included cannot cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than 10% of what would have otherwise been levied.

***Developed and Undeveloped Property; Exempt Property.*** All Assessor's Parcels within the Community Facilities District will be classified for each Fiscal Year as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property will be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property, all as defined below. In addition, each Assessor's Parcel of Developed Property will be assigned to a Land Use Class, according to Table 1 of the Rate and Method, based on the Building Square Footage of each Unit for which a building permit has been issued with respect to such Assessor's Parcel.

*"Taxable Property"* means all Assessor's Parcels within the Community Facilities District that are not Exempt Property.

*"Exempt Property"* is defined as Assessor's Parcels:

- owned by the State of California, Federal or other local governments,
- used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization,
- owned by a homeowners' association,
- burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, and
- 
- any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than 20.2081 ("**Minimum Taxable Acreage**").

Notwithstanding the above, the Administrator or Board may not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will be classified as Provisional Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

*"Developed Property"* means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year, as determined reasonably by the Administrator.

*"Undeveloped Property"* means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

**Maximum Special Tax.** The Maximum Special Tax is defined in the Rate and Method as follows:

*Developed Property.* The Maximum Special Tax for each Assessor's Parcel classified as Developed Property is the greater of the amount derived by the application of the (a) Assigned Annual Special Tax or (b) Backup Annual Special Tax.

*Approved Property.* The Maximum Special Tax for each Assessor's Parcel classified as Approved Property is derived by the application of the Assigned Annual Special Tax.

*Undeveloped Property.* The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property is derived by the application of the Assigned Annual Special Tax.

**Assigned Annual Special Tax.**

*Developed Property.* The Assigned Annual Special Tax rate for Developed Property for Fiscal Year 2023-24 is set forth below.

**Assigned Annual Special Tax  
For Developed Property  
Fiscal Year 2023-24**

Land Use Class	Building Square Footage	Assigned Annual Special Rate
1	< 2,401	\$3,621.84
2	2,401 - 2,600	\$3,680.88
3	2,601 - 2,800	\$3,739.92
4	2,801 - 3,000	\$3,886.24
5	3,001 - 3,200	\$3,984.94
6	> 3,200	\$4,083.62

*Approved Property, Undeveloped Property and Provisional Undeveloped Property.* The Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, or Provisional Undeveloped Property for Fiscal Year 2023-24 is \$20,484.28 per Acre.

**Annual Increases in the Assigned Annual Special Tax**

*Developed Property.* On each July 1, the Assigned Annual Special Tax rate applicable to Developed Property will be increased by 2.00%.

*Approved Property, Undeveloped Property and Provisional Undeveloped Property.* On each July 1, the Assigned Annual Special Tax rate per acre of Acreage for Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be increased by 2.00%.

**Backup Annual Special Tax.** The Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Map shall be the rate per Lot calculated in accordance with the Rate and Method, and is generally determined by multiplying the Acreage of Taxable Property expected to

exist in such Final Map at the time of calculation, as determined by the Administrator, by the Assigned Annual Special Tax per acre of Undeveloped Property (\$20,484.28 for Fiscal Year 2023-24), and dividing the result by the Number of Lots in the applicable Final Map at the time of calculation. The Backup Annual Special Tax is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the Rate and Method.

***Method of Apportionment.*** Under the Rate and Method, the Board will levy Annual Special Taxes on all Taxable Property each Fiscal Year as follows:

- Step One: The Annual Special Tax will be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Annual Special Tax will be levied Proportionately on each Assessor's Parcel of Approved Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the second step has been completed, the Annual Special Tax will be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the third step has been completed, the Annual Special Tax on each Assessor's Parcel of Developed Property, whose Maximum Special Tax is the Backup Annual Special Tax, will be increased Proportionately from the Assigned Annual Special Tax up to 100% of the Backup Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement after the fourth step has been completed, the Annual Special Tax will be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

***Full and Partial Prepayment of Annual Special Taxes.*** The Annual Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid in full or in part, provided that the terms set forth under the Rate and Method are satisfied, including (among others) the following conditions:

- There are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to that Assessor's Parcel.
- no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such prepayment net of Administrative Expenses, will be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as

reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

The Prepayment Amount is generally calculated based on the Present Value of Taxes, less a Reserve Fund Credit, plus the Prepayment Administrative Fees, all as specified in APPENDIX B.

***Annual Special Tax Remainder.*** In any Fiscal Year which the Annual Special Taxes collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds, replenish the reserve fund for the Bonds, and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of school facilities, certain costs associated with the maintenance and operations of school facilities, or as otherwise permitted within the Mitigation Agreement, in accordance with the Act, Community Facilities District proceedings and other applicable laws as determined by the Board.

***Appeals.*** Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Administrator to be received by the Administrator not later than six months after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a building permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Annual Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Annual Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy), but an adjustment will be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Administrator's decision indicates.

***Duration of Special Tax Levy.*** The Annual Special Tax shall be levied for a term of five Fiscal Years after the final maturity of the last series of Bonds, provided that the Annual Special Tax will not be levied later than Fiscal Year 2060-61. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board has determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of the Community Facilities District have been acquired and all reimbursements have been paid, and (iii) all other obligations of the Community Facilities District have been satisfied.

## **Covenant to Foreclose**

***Foreclosure Under the Act.*** Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the Community Facilities District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

Such judicial foreclosure action is not mandatory. However, the Community Facilities District has agreed in the Fiscal Agent Agreement that on or about March 1 and July 1 of each Fiscal Year, the Community Facilities District will compare the amount of Special Taxes theretofore levied in the Community Facilities District to the amount of Special Taxes theretofore received by the Community Facilities District, and proceed as follows:

(A) *Individual Delinquencies.* If the Community Facilities District determines that (i) any single parcel within the Community Facilities District is delinquent in the payment of five or more installments of the Special Taxes or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of \$5,000 or more, then the Community Facilities District will send, or cause to be sent, a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such August 1 determination, and (if the delinquency remains uncured) the Community Facilities District will take action to authorize the commencement of foreclosure proceedings within 90 days of such August 1 determination, to the extent permissible under applicable law, and will thereafter diligently prosecute such proceedings in Superior Court to the extent permitted by law.

(B) *Aggregate Delinquencies.* If the District determines that the total amount of delinquent Special Taxes for the current Fiscal Year for the Community Facilities District as it relates to the March 1 determination or for the prior Fiscal Year as it relates to the August 1 determination for the Community Facilities District (including the total of delinquencies under paragraph (A) above) exceeds 5% of the total Special Taxes due and payable for the applicable Fiscal Year, the District shall notify, or cause to be notified, all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and (to the extent such delinquencies remain uncured) the Community Facilities District shall take action to authorize the commencement of foreclosure proceedings within 90 days of such August 1 determination against each parcel of land within the Community Facilities District with a Special Tax delinquency to the extent permissible under applicable law and shall thereafter diligently proceed with such foreclosure action(s) and/or proceedings in Superior Court to the extent permitted by law.

(C) *Limiting Provision.* Notwithstanding the foregoing, however, the Community Facilities District will not be required to order, or take action upon, the commencement of foreclosure proceedings under subsections (A) and/or (B), above, if such delinquencies, if not remedied, will not result in a draw on the Reserve Fund such that the Reserve Fund will fall below the Reserve Requirement and no draw has been made on the Reserve Fund, which has not been restored, such that the Reserve Fund will be funded to at least the Reserve Requirement. The foregoing sentence shall not affect the requirement(s) for notices of delinquencies as provided for in subsection (A) above.

(D) *Additional Limitations.* Notwithstanding any of the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel in relation to the cost of appropriate foreclosure proceedings may be such that the costs do not warrant the foreclosure proceedings costs. In such cases, foreclosure proceedings may be delayed by the Community Facilities District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the cost of such foreclosure proceedings.

***Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays.*** No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the Community Facilities District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained.

However, under the Fiscal Agent Agreement, the following applies:

(i) The Community Facilities District is expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act, or such lesser amount as determined under clause (ii) below or otherwise under Section 53356.6 of the Act.

(ii) The Community Facilities District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act, if it determines that such sale will not adversely affect the security for the Bonds. The Bondowners, by their acceptance of the Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the Community Facilities District and the School District, and their respective officers and agents, from any liability in connection therewith. If such sale for lesser amounts would result in less than full payment of principal of and interest on the Bonds, the Community Facilities District will use its best efforts to seek approval of the Bondowners.

If the Community Facilities District becomes the purchaser under a credit bid, the Community Facilities District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the Community Facilities District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "FDIC"). See "BOND OWNERS' RISKS - Bankruptcy Delays."

**No Teeter Plan.** Because the County has not elected to follow the procedures of the "Teeter Plan" (which is the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code), collections of Special Taxes will reflect actual delinquencies.

## **Special Tax Fund**

**Deposits and Disbursements.** The Special Taxes and other amounts constituting Gross Taxes collected by the Community Facilities District will be transferred (exclusive of Prepaid Special Taxes received which will be deposited into the Prepayment Account of the Special Tax Fund), no later than 10 days after receipt thereof, to the Fiscal Agent and will be held in the Special Tax Fund for the benefit of the Community Facilities District and the Bondowners (exclusive of the Administrative Expense Requirement, as set forth below) and will, exclusive of the Prepaid Special Taxes, be transferred from the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund, an amount equal to the Administrative Expense Requirement.

(b) To the Interest Account of the Bond Fund, an amount such that the balance in the Interest Account two Business Days prior to each Interest Payment Date will be equal to the installment of interest due on the Bonds on said Interest Payment Date. Moneys in the Interest Account will be used for the payment of interest on the Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Bonds during the current Bond Year.



(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Term Bonds during the current Bond Year.

(e) To the Reserve Fund, the amount, if any, necessary to replenish the Reserve Fund to the Reserve Requirement.

(f) To the extent that Administrative Expenses are not fully satisfied in (a) above, to the Administrative Expense Fund in the amount(s) required to bring the balance therein to the amount identified by the Community Facilities District to the Fiscal Agent to meet such additional Administrative Expenses (over and above the Administrative Expense Requirement) in the coming Fiscal Year, or Administrative Expenses from a prior Fiscal Year which remain unpaid.

(g) To the Redemption Fund, the amount, if any, that the Community Facilities District directs the Fiscal Agent to deposit pursuant to the Fiscal Agent Agreement.

(h) Any remaining Special Taxes and other amounts constituting Net Taxes will remain in the Special Tax Fund subject to the provisions described below.

Any remaining Special Taxes and other amounts constituting Net Taxes, if any, will remain in the Special Tax Fund until the end of the Bond Year. At the end of each Bond Year, any remaining funds in the Special Tax Fund that are not required to cure a delinquency in the payment of principal and interest on the Bonds, to restore the Reserve Fund as described above, or to pay current or pending Administrative Expenses as described above, will be retained in the Special Tax Fund and applied to the purposes set forth above in the next following Bond Year until such time as the Community Facilities District provides to the Fiscal Agent a certification, which will be confirmed by a special tax consultant to the Community Facilities District, that the Special Taxes levied on Developed Property are equal to or greater than the amount needed to satisfy the requirements listed in Subsections (a) through (d) in such Bond Year, and every subsequent Bond Year. Upon making such certification and at the end of the corresponding Bond Year, and each Bond Year thereafter, any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f) above, shall, without further action by any party, be transferred by the Fiscal Agent on September 2 of each such year into the Residual Fund, which funds shall thereafter be used in accordance with the Fiscal Agent Agreement and shall be free and clear of any lien thereon. The Fiscal Agent will promptly confirm the amount of such transfer(s) in to Residual Fund in writing to the Community Facilities District. *Moneys deposited into, or held within, the Residual Fund are not pledged to the payment of principal, interest or premiums on the Bonds.* Any funds which are required to cure any such delinquency will be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond and after all principal and interest then due on any Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, moneys in the Special Tax Fund will be transferred to the Community Facilities District by the Fiscal Agent and may be used by the Community Facilities District for any lawful purpose.

Funds in the Special Tax Fund will be invested in accordance with the Fiscal Agent Agreement. Investment earnings on amounts in the Special Tax Fund, if any, will be retained therein.

***Prepayment Account of the Special Tax Fund.*** Prepaid Special Taxes collected by the Community Facilities District from the area within the Community Facilities District (net of any costs of collection) will be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent, and the Community Facilities District will direct the Fiscal Agent to deposit the Prepaid Special Taxes in the Prepayment Account of the Special Tax Fund.

The Prepaid Special Taxes will be held in the Prepayment Account for the benefit of the Bonds and will be transferred by the Fiscal Agent to the Mandatory Redemption Account of the Redemption Fund to call Bonds on the next date for which notice can be given in accordance with the special mandatory redemption provisions as set forth in the Fiscal Agent Agreement and will be applied to redeem Bonds in accordance with the Fiscal Agent Agreement.

## **Bond Fund**

***General.*** Two Business Days prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund, or the Reserve Fund in the event that sufficient moneys are unavailable in the Special Tax Fund, and deposit in the Principal Account and the Interest Account of the Bond Fund an amount equal to all of the principal and all of the interest due and payable on the Outstanding Bonds on the ensuing Interest Payment Date, less amounts on hand in the Bond Fund available to pay principal and/or interest on such Bonds. Notwithstanding the foregoing, amounts in the Bond Fund resulting from transfers from the Construction Fund shall be used to pay the principal of and interest on such Bonds prior to the use of any other amounts in the Bond Fund for such purpose. The Fiscal Agent will apply moneys in the Interest Account and Principal Account to the payment of interest and principal, respectively, on the Bonds on each Interest Payment Date.

***Capitalized Interest Subaccount of the Interest Account.*** The Fiscal Agent will, on the Closing Date, deposit a portion of the proceeds of the Bonds into the Capitalized Interest Subaccount. On September 1, 2024, the Fiscal Agent will withdraw moneys from the Capitalized Interest Subaccount in an amount equal to the corresponding interest payment due on the Bonds (or the amount then held in the Capitalized Interest Subaccount if less than the interest payment due) and will cause such amount to be deposited in the Interest Account of the Bond Fund for application on such Interest Payment Date.

On September 2, 2024, the Fiscal Agent shall transfer any amounts then remaining in the Capitalized Interest Subaccount into the Interest Account of the Bond Fund and will thereupon close the Capitalized Interest Subaccount. Upon transfer of said amounts to the Interest Account, said amounts will be applied to payment of interest becoming due on the Bonds for application on the next Interest Payment Date as provided in the Fiscal Agent Agreement. Upon such transfer, the Fiscal Agent will provide written notice to the Community Facilities District of the amount of such transfer. In the event that all moneys in the Capitalized Interest Subaccount are expended prior to September 1, 2024, the Fiscal Agent will close the Capitalized Interest Subaccount and notify the District, in writing, of such closure.

***Investments.*** Funds in the Bond Fund will be invested in accordance with the Fiscal Agent Agreement. All investment earnings and profits resulting from such investment will be retained in the accounts established for the Bonds in the Bond Fund and used to pay principal of and interest on the Bonds.

## Reserve Fund

**General.** On the Closing Date, the Community Facilities District will use a portion of the proceeds of the Bonds to deposit funds equal to the Reserve Requirement (as defined below) into the Reserve Fund established under the Fiscal Agent Agreement.

The Reserve Fund will be held in trust by the Fiscal Agent for the benefit of the Owners as a reserve for the payment of principal of, and interest and any premium on, the Bonds and will be subject to a lien in favor of the Owners.

**Disbursements.** Except as otherwise provided in the Fiscal Agent Agreement, moneys in the Reserve Fund will be used solely for the following purposes:

- (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and premium on Bonds when due to the extent that moneys in the Interest Account and the Principal Account of the Bond Fund or moneys in the Sinking Fund Redemption Account are insufficient therefor;

- (ii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes;

- (iii) paying the principal and interest due on Bonds in the final Bond Year; and

- (iv) application to the defeasance of Bonds in accordance with the Fiscal Agent Agreement.

If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Bonds when due, the Fiscal Agent will, one Business Day prior to the corresponding Interest Payment Date, withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, as applicable, moneys necessary for such purpose.

Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, the Fiscal Agent will notify the Community Facilities District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the Community Facilities District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the maximum permitted Special Tax rates.

See APPENDIX C for a complete description of the timing, purpose and manner of disbursements from the Reserve Fund.

**Reserve Requirement.** The “Reserve Requirement” is defined in the Fiscal Agent Agreement to mean an amount, as of any date of calculation, equal to the least of the following:

- (i) 10% of the original principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any,

- (ii) Maximum Annual Debt Service, or

- (iii) 125% of average Annual Debt Service on the Bonds.

As of the Closing Date, the Reserve Requirement is \$599,708. See “FINANCING PLAN – Estimated Sources and Uses of Funds.”

In the event of a redemption or partial defeasance of the Bonds, the Reserve Requirement will thereafter be re-determined by the Community Facilities District and communicated to the Fiscal Agent in writing and any funds in excess of such re-determined Reserve Requirement will be utilized as set forth in the Fiscal Agent Agreement.

### **Investment of Moneys in Funds**

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Authorized Investments, as directed in writing by the Community Facilities District. See “APPENDIX C” for a definition of “Authorized Investments” and other restrictions on the investment of moneys in the funds and accounts held under the Fiscal Agent Agreement.

## THE COMMUNITY FACILITIES DISTRICT

### General

**Formation Proceedings.** The Community Facilities District was formed and established by the Board, as the Legislative Body, under the Act, under a resolution entitled “RESOLUTION OF THE GOVERNING BOARD OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT DETERMINING THE VALIDITY OF PRIOR PROCEEDINGS, ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2017-2, AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2017-2, ESTABLISHING AN APPROPRIATIONS LIMITS, MAKING CERTAIN FINDINGS, CALLING AN ELECTION AND TAKING RELATED ACTIONS” (Resolution No. 2017-18-001), which was adopted on August 3, 2017, and which established the Community Facilities District and authorized the levy of the special taxes to fund authorized public facilities, subject to the approval of the voters within the territory included within the Community Facilities District.

On the same date, a special landowner election was held by the landowner voters within the Community Facilities District at which the landowner voters approved the incurrence of bonded indebtedness for the CFD in a maximum amount of \$9,000,000, approved the facilities authorized to be financed by the Community Facilities District, and approved an initial appropriations limit for the Community Facilities District of \$9,000,000.

**Description and Location.** The Community Facilities District is located in the southwest part of the City of Wildomar, at the northerly corner of Grand Avenue and McVicar Street.

The Community Facilities District is located in a developing area of the City of Wildomar with many nearby residential tracts built since 2000, as well as custom homes on larger lots with some equestrian and/or agricultural uses, vacant land and a nearby middle school.

See “APPENDIX A for demographic and other information regarding the City Wildomar and the County. The boundary map showing the boundaries of the Community Facilities District is attached as APPENDIX H.

**Property Ownership and Development.** The Taxable Property in the Community Facilities District is projected to consist of 108 residential lots developed by Beazer Homes as a subdivision being marketed as “Boulder Creek.”

As of January 15, 2024, 56 homes had been conveyed to individual homeowners and 29 homes were in escrow for sale to individual homebuyers that were scheduled to close by May 20, 2024. *Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer.* See “PROPERTY OWNERSHIP AND PROPOSED PROPERTY DEVELOPMENT.”

## Projected Debt Service Coverage

The table presents the projected debt service coverage on the Bonds, based on projected Special Tax revenues at full build-out of the projected homes in the Community Facilities District.

**Table 1**  
**Projected Special Tax Revenue and Debt Service Coverage**

Bond Year Ending Sept. 1	Number of Units Currently Permitted [1]	Number of Units Projected to be Permitted [1]	Aggregate Levy at Assigned Rates	Less Administrative Expense Budget	Net Special Tax Revenue Constraint	Net Debt Service [2]	Debt Service Coverage
2024	52	0	\$201,761.06	(\$30,000.00)	\$171,761.06	\$156,095.13	110.04%
2025 [3]	93	15	424,867.98	(30,600.00)	394,267.98	354,750.00	111.14
2026	93	15	433,365.34	(31,212.00)	402,153.34	364,250.00	110.41
2027	93	15	442,032.65	(31,836.24)	410,196.41	368,250.00	111.39
2028	93	15	450,873.30	(32,472.96)	418,400.33	377,000.00	110.98
2029	93	15	459,890.77	(33,122.42)	426,768.34	385,250.00	110.78
2030	93	15	469,088.58	(33,784.87)	435,303.71	393,000.00	110.76
2031	93	15	478,470.35	(34,460.57)	444,009.78	400,250.00	110.93
2032	93	15	488,039.76	(35,149.78)	452,889.98	407,000.00	111.28
2033	93	15	497,800.55	(35,852.78)	461,947.78	418,250.00	110.45
2034	93	15	507,756.57	(36,569.83)	471,186.73	423,750.00	111.19
2035	93	15	517,911.70	(37,301.23)	480,610.47	433,750.00	110.80
2036	93	15	528,269.93	(38,047.25)	490,222.68	443,000.00	110.66
2037	93	15	538,835.33	(38,808.20)	500,027.13	451,500.00	110.75
2038	93	15	549,612.04	(39,584.36)	510,027.67	459,250.00	111.06
2039	93	15	560,604.28	(40,376.05)	520,228.23	471,250.00	110.39
2040	93	15	571,816.36	(41,183.57)	530,632.79	477,250.00	111.19
2041	93	15	583,252.69	(42,007.24)	541,245.45	487,500.00	111.02
2042	93	15	594,917.74	(42,847.39)	552,070.36	501,750.00	110.03
2043	93	15	606,816.10	(43,704.34)	563,111.76	509,750.00	110.47
2044	93	15	618,952.42	(44,578.42)	574,374.00	521,750.00	110.09
2045	93	15	631,331.47	(45,469.99)	585,861.48	527,500.00	111.06
2046	93	15	643,958.10	(46,379.39)	597,578.71	542,250.00	110.20
2047	93	15	656,837.26	(47,306.98)	609,530.28	550,500.00	110.72
2048	93	15	669,974.01	(48,253.12)	621,720.89	562,500.00	110.53
2049	93	15	683,373.49	(49,218.18)	634,155.31	573,000.00	110.67
2050	93	15	697,040.95	(50,202.54)	646,838.41	587,000.00	110.19
2051	93	15	710,981.77	(51,206.59)	659,775.18	599,250.00	110.10
2052	93	15	725,201.41	(52,230.73)	672,970.68	609,750.00	110.37
2053	93	15	739,705.44	(53,275.34)	686,430.10	623,500.00	110.09
2054	93	15	754,499.55	(54,340.85)	700,158.70	635,250.00	110.22

[1] Projected buildout based on product mix provided by the Developer as of January 15, 2024, and building permits issued through January 15, 2024. For 2024, represents units permitted as of May 1, 2023.

[2] Amounts shown are net of capitalized interest.

[3] As of January 15, 2024, 93 units were permitted and the remaining 15 units were projected to be permitted and classified as Developed Property in Fiscal Year 2024-25.

Source: KeyAnalytics.

## Estimated Special Tax Revenues

The tables below show the actual Assigned Annual Special Tax levy and Special Tax Revenues by tax class for Fiscal Year 2023-24, and the projected Assigned Annual Special Tax levy and Special Tax Revenues by tax class for Fiscal Year 2024-25. The Special Taxes were first levied on Taxable Property within the Community Facilities District in Fiscal Year 2022-23.

**Table 2a**  
**Actual Fiscal Year 2023-24**  
**Assigned Annual Special Tax Levy and Special Tax Revenues**  
**by Tax Class**

Land Use Class	Building Square Footage	Number of Units/Acres <sup>[1]</sup>	Fiscal Year 2023-24 Assigned Annual Special Rate	Fiscal Year 2023-24 Annual Special Taxes	Percentage of Total
1	< 2,401	11	\$3,621.84	\$39,840.24	19.75%
2	2,401 - 2,600	10	\$3,680.88	\$36,808.80	18.24%
3	2,601 - 2,800	0	\$3,739.92	\$0.00	0.00%
4	2,801 - 3,000	0	\$3,886.24	\$0.00	0.00%
5	3,001 - 3,200	15	\$3,984.94	\$59,774.10	29.63%
6	> 3,200	16	\$4,083.62	\$65,337.92	32.38%
Approved Property	Lot Acreage	12.46 Acres	\$20,484.28 per Acre	\$0.00	0.00%
		<b>52 Units /</b>			
<b>Total <sup>[2]</sup></b>		<b>12.46 Acres</b>	<b>N/A</b>	<b>\$201,761.06</b>	<b>100.00%</b>

[1] Reflects all taxable lots classified as Developed Property for Fiscal Year 2023-24.

[2] Columns may not sum to totals due to rounding.

Source: KeyAnalytics.

**Table 2b**  
**Projected Fiscal Year 2024-25**  
**Assigned Annual Special Tax Levy and Special Tax Revenues**

Land Use Class	Building Square Footage	Number of Units/Acres [1]	Fiscal Year 2024-25 Assigned Annual Special Rate	Fiscal Year 2024-25 Annual Special Taxes	Percentage of Total
1	< 2,401	27	\$3,694.28	\$99,745.56	23.48%
2	2,401 - 2,600	23	\$3,754.50	\$86,353.50	20.32%
3	2,601 - 2,800	0	\$3,814.72	\$0.00	0.00%
4	2,801 - 3,000	0	\$3,963.98	\$0.00	0.00%
5	3,001 - 3,200	28	\$4,064.64	\$113,809.92	26.79%
6	> 3,200	30	\$4,165.30	\$124,959.00	29.41%
Approved Property	Lot Acreage	0.00 Acres	\$20,894.28 per Acre	\$0.00	0.00%
<b>Total [2]</b>		<b>108 Units</b>	<b>NA</b>	<b>\$424,867.98</b>	<b>100.00%</b>

[1] Reflects all taxable lots expected to be classified and levied as "Developed Property" for Fiscal Year 2024-25. Product Mix information provided by the Developer as of January 15, 2024. As of January 15, 2024, 93 building permits had been issued for residential construction with 15 additional permits projected to be issued prior to May 1, 2024. These amounts are provided to illustrate the expected classification of the units expected to have building permits issued as of May 1, 2024 and are not intended to represent the actual Special Tax levy.

[2] Columns may not sum to totals due to rounding.

Source: KeyAnalytics.



## Special Tax Levy by Property Ownership

The table below shows the projected Special Tax levy for Fiscal Year 2024-25 by property ownership.

**Table 3**  
**Projected Fiscal Year 2024-25 Special Tax Levy**  
**by Property Ownership**

<b>Ownership Status <sup>(1)</sup></b>	<b>Permitted Status <sup>(2)</sup></b>	<b>Currently Owned Lots</b>	<b>Projected Fiscal Year 2024-25 Special Tax Levy <sup>(3)</sup></b>	<b>Percentage of the Fiscal Year 2024-25 Special Tax Levy</b>
Individual Homeowners	Permitted	56	\$221,575.86	52.15%
Beazer Homes	Permitted	37	144,331.74	33.97
	Unpermitted	15	58,960.38	13.88
Subtotal, Beazer Homes		52	203,292.12	47.85
<b>Total</b>		<b>108</b>	<b>\$424,867.98</b>	<b>100.00%</b>
Subtotal, Permitted		93	\$365,907.60	86.12%
Subtotal, Unpermitted		15	58,960.38	13.88
<b>Total</b>		<b>108</b>	<b>\$424,867.98</b>	<b>100.00%</b>

[1] Ownership information as of January 15, 2024, and based on information provided by Beazer Homes. See "PROPERTY OWNERSHIP AND PROPOSED PROPERTY DEVELOPMENT."

[2] As of January 15, 2024, 93 units were permitted and the remaining 15 units were projected to be permitted and classified as Developed Property in Fiscal Year 2024-25.

[3] Amounts shown reflect the projected Fiscal Year 2024-25 Special Taxes that would be levied on all properties planned for residential construction, if developed at the building square footage sizes provided by Beazer Homes at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy or ownership in Fiscal Year 2024-25.

Source: KeyAnalytics.

## Appraised Property Value

**The Appraisal.** The Appraisal was prepared to estimate the aggregate market value of the as-is condition of the 108 parcels of Taxable Property in the Community Facilities District as of a December 1, 2023, date of value.

The Appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations. The Appraisal Report is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission.

**Basis for Appraisal and Assumptions.** The property rights appraised were of a fee simple interest subject to easements of record and the lien of the Special Taxes. The Appraisal was also based on certain assumptions and limiting conditions set forth in APPENDIX I, including the following:

- The Appraisal assumes that there are no soil, geologic, seismic or environmental conditions that would negatively impact the existing or planned uses or valuation of the subject properties.
- An estimate of the remaining costs and fees to get the subject lots from their as is condition to finished lot condition has been provided by the Developer, and these estimates have been relied upon in the Appraisal as being reasonably accurate and reliable; in addition, the valuations have reflected the proposed Bond financing such that the deductions of estimated remaining costs/fees do not include any amounts that are to be funded by the planned Bond proceeds.

As of the December 1, 2023, date of value, the appraised property was in the following condition:

- 51 completed-closed homes (closed builder sales);
- 6 completed-unclosed homes (including the 4 models);
- 31 homes under construction of which 5 were estimated to be  $\pm 90\%$  completed, 20 were estimated to be an average of  $\pm 30\%$  completed, and 6 were to be in the very early stage of construction; and
- 20 vacant lots of which 18 lots were in near finished condition and 2 lots needed additional fill and grading.

**Value Estimate.** The Appraiser estimated in the Appraisal that, as of the December 1, 2023, date of value, the market value of the as-is condition of the Taxable Property within the Community Facilities District (subject to the lien of the Special Taxes) was as follows:

Property Ownership and Development Status	No. of Lots	Market Value
Individual Owners (completed-closed homes)	51	\$35,700,000
Beazer Homes (completed-unclosed homes)	6	3,300,000
Beazer Homes (homes under construction)	31	9,725,000
Beazer Homes (vacant lots)	20	3,990,000
<b>Total Aggregate Value</b>	<b>108</b>	<b>\$52,715,000</b>

**Valuation Methods.** The Appraiser estimated the value of the property in the Community Facilities District as follows.

- The analysis of the completed-closed homes is of the aggregate value on a mass appraisal basis, and by means of the Sales Comparison Approach. Consideration is given to the builder sales of the subject homes; resales of the subject homes; recent sales of other homes in the general area; and new-home pricing from other active projects.
- For the completed-unclosed homes, the analysis considers a discount due to the bulk ownership by the builder with the discount reflecting holding/sales costs, minor finishing costs and profit in order to sell off the homes.
- For the homes under construction, a simplified Cost Approach is used in which the value is based on an estimate of construction costs expended plus the estimated value of the vacant lot as if in finished condition.

- The analysis of the vacant lots as if in finished condition is based on the Sales Comparison Approach, considering recent sales of residential land or bulk lots in the general area.

*None of the School District, Community Facilities District nor Underwriter make any representation as to the accuracy or completeness of the Appraisal. See APPENDIX I for a complete copy of the Appraisal.*

### **Appraised Value-to-Burden Ratios**

The tables below show the projected value-to-burden ratios for the Taxable Property in the Community Facilities District, which are based on the (i) appraised values shown in the Appraisal, and (ii) proposed principal amount of the Bonds.

*No assurance can be given that the amounts shown in these tables will conform to those ultimately realized in the event of a foreclosure action following delinquency in the payment of the Special Taxes.*

**Table 4a**  
**Appraised Values and Value-to-Burden Ratios by Property Owner and Development Status**  
**Allocated by Projected Fiscal Year 2024-25 Special Tax Levy**

Property Ownership and Development Classification <sup>(1)</sup>	Number of Parcels <sup>(1)</sup>	Total Appraised Value <sup>(2)</sup>	Bonds <sup>(3)</sup>	Appraised Value-to-Lien Ratio <sup>(4)</sup>	Projected Fiscal Year 2024-25 Special Tax Levy <sup>(5)</sup>	Percentage of the Projected Fiscal Year 2024-25 Special Tax Levy
<b>Individual Homeowners</b>						
Completed Homes	51	\$35,700,000.00	\$3,273,819.30	10.90:1	\$201,731.84	47.48%
<b>Beazer Homes</b>						
Completed - Unclosed	6	3,300,000.00	380,359.45	8.68:1	23,437.64	5.52
Under Construction - 90% Complete	5	2,525,000.00	322,040.03	7.84:1	19,844.02	4.67
Under Construction - 30% Complete	20	6,000,000.00	1,273,193.41	4.71:1	78,453.82	18.47
Under Construction - Less than 30% Complete	6	1,200,000.00	374,349.00	3.21:1	23,067.28	5.43
Vacant Lot	20	3,990,000.00	1,271,238.81	3.14:1	78,333.38	18.44
<b>Total <sup>(7)</sup></b>	<b>108</b>	<b>\$52,715,000.00</b>	<b>\$6,895,000.00</b>	<b>7.65:1</b>	<b>\$424,867.98</b>	<b>100.00%</b>

[1] Ownership information and development classification is based on the Appraisal as of December 1, 2023.

[2] Market value estimated by the Appraiser as of December 1, 2023.

[3] The principal amount of the Bonds has been allocated based on each parcel's proportionate share of the Special Taxes projected to be levied at development completion. There was no overlapping debt reported to be associated with the properties within the Community Facilities District in Fiscal Year 2023-24. Excludes general obligation bonded indebtedness.

[4] Average value-to-lien ratios; actual value-to-lien ratio per parcel may vary.

[5] Amounts shown reflect the projected Fiscal Year 2024-25 Special Taxes that would be levied on all properties planned for residential construction, if developed at the building square footage sizes provided by Beazer Homes at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy.

[6] Totals may not sum due to rounding.

Source: KeyAnalytics.

**Table 4b**  
**Appraised Values and Value-to-Burden Ratios by Value-to-Lien Category**

<b>Value-to-Lien Category</b>	<b>Number of Parcels</b>	<b>Total Appraised Value <sup>[1]</sup></b>	<b>Bonds <sup>(2)</sup></b>	<b>Appraised Value-to-Lien Ratio <sup>[3]</sup></b>	<b>Projected Fiscal Year 2024-25 Special Tax Levy <sup>(4)</sup></b>	<b>Percentage of the Projected Fiscal Year 2024-25 Special Tax Levy</b>
10:1 and above	51	\$35,700,000.00	\$3,273,819.30	10.90:1	\$201,731.84	47.48%
7:1 to 10:1	11	5,825,000.00	702,399.48	8.29:1	43,281.66	10.19
5:1 to 7:1 <sup>(5)</sup>	4	1,200,000.00	239,811.55	5.00:1	14,777.12	3.48
3:1 to 5:1 <sup>(5)</sup>	36	8,792,500.00	2,273,388.83	3.87:1	140,085.56	32.97
3:1 and below <sup>(5)</sup>	6	1,197,500.00	405,580.84	2.95:1	24,991.80	5.88
<b>Total <sup>(6)</sup></b>	<b>108</b>	<b>\$52,715,000.00</b>	<b>\$6,895,000.00</b>	<b>7.65:1</b>	<b>\$424,867.98</b>	<b>100.00%</b>

[1] Market value estimated by the Appraiser as of December 1, 2023.

[2] The principal amount of the Bonds has been allocated based on each parcel's proportionate share of the Special Taxes projected to be levied at development completion. There was no overlapping debt reported to be associated with the properties within the Community Facilities District in Fiscal Year 2023-24. Excludes general obligation bonded indebtedness.

[3] Average value-to-lien ratios; actual value-to-lien ratio per parcel may vary.

[4] Amounts shown reflect the projected Fiscal Year 2024-25 Special Taxes that would be levied on all properties planned for residential construction, if developed at the building square footage sizes provided by Beazer Homes at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy.

[5] All 46 lots within the value-to-lien categories of 7:1 and below are classified as Under Construction (Less than 90% Complete) or Vacant Lots per the Appraisal Report.

[6] Totals may not sum due to rounding.

Source: KeyAnalytics.

## Direct and Overlapping Governmental Obligations

Certain local agencies provide public services and assess property taxes, assessments, special taxes and other charges on the property in the Community Facilities District. Many of these local agencies have outstanding debt. The direct and overlapping obligations affecting the property in the Community Facilities District as of December 7, 2023, are shown in the following table. The table was prepared by California Tax Data, and is included for general information purposes only. *None of the School District, the Community Facilities District nor the Underwriter has reviewed this report for completeness or accuracy and none makes any representation in connection therewith.*

**Table 5**  
**Direct and Overlapping Governmental Obligations**

### I. Assessed Value

2023-2024 Secured Roll Assessed Value

**\$23,595,313**

### II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	950,369	\$3,812,026,309.28	0.00618%	108	\$235,418.47
City of Perris Solid Waste Delinquent Fee	DQ	1,562	\$641,783.90	0.72673%	7	\$4,664.03
City of Wildomar CFD No. 2013-1, Tax B	CFDPAYG	531	\$200,537.14	7.00371%	36	\$14,045.04
City of Wildomar CFD No. 2013-1, Zone 24	CFDPAYG	36	\$75,887.28	100.00000%	36	\$75,887.28
City of Wildomar Special Park Parcel Tax	PARCEL TAX	12,982	\$366,406.00	0.82668%	108	\$3,029.00
County of Riverside CSA No. 152 (Street Sweeping)	CSA	73,162	\$2,508,955.84	0.12141%	46	\$3,046.12
Elsinore Valley Municipal Water District Regional Sewer Charge	STANDBY	13,304	\$294,595.00	0.29193%	86	\$860.00
Elsinore Valley Municipal Water District Standby Charge	STANDBY	13,597	\$290,362.70	0.29618%	86	\$860.00
Lake Elsinore Unified School District CFD No. 2017-2	CFD	108	\$201,761.06	100.00000%	52	\$201,761.06
Lake Elsinore Unified School District Debt Service	GOB	53,715	\$3,275,822.82	0.13655%	108	\$4,473.14
Metropolitan Water District of Southern California Debt Service	GOB	274,855	\$4,961,603.49	0.01661%	108	\$824.19
Metropolitan Water District of Southern California Standby Charge (West)	STANDBY	270,270	\$3,582,999.94	0.02779%	108	\$995.76
Mt. San Jacinto Community College District Debt Service	GOB	346,479	\$16,659,534.08	0.01865%	108	\$3,107.47
Riverside County Flood Control and Water Conservation District NPDES (Santa Margarita River)	FLOOD	95,318	\$589,575.78	0.01490%	22	\$87.82
<b>2023-2024 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$549,059.38</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2023-2024 ASSESSED VALUATION</b>						<b>2.33%</b>

### III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Lake Elsinore Unified School District CFD No. 2017-2	CFD	\$0	\$0	100.00000%	52	\$0
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)</b>						<b>\$0</b>

### IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Lake Elsinore Unified School District GOB 2016	GOB	\$53,915,000	\$47,005,000	0.13376%	108	\$62,872
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$25,495,000	0.00896%	108	\$2,284
Mt. San Jacinto Community College District GOB 2014	GOB	\$295,000,000	\$242,210,000	0.01818%	108	\$44,044
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>						<b>\$109,200</b>

### TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT

**\$109,199.94**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: California Tax Data

## Estimated Tax Burden on Single-Family Homes

The following table sets forth the estimated total tax burden on representative developed single-family homes in the Community Facilities District, based on tax rates for Fiscal Year 2023-24.

**Table 6**  
**Sample Property Tax Bill for Fiscal Year 2023-24**

<b>Total Assessed Valuation</b>		<b>\$667,690.00</b>
<i>LESS Homeowner's Exemption</i>		<u><i>(\$5,600.00)</i></u>
<b>NET PROPERTY VALUE</b>		<b>\$662,090.00</b>
<b>AD VALOREM PROPERTY TAXES</b>		<b>\$6,857.27</b>
General Purpose	1.00000%	\$6,620.90
Lake Elsinore Unified School District	0.01900%	\$125.80
Metropolitan Water District (West)	0.00350%	\$23.17
Mt. San Jacinto Community College District	0.01320%	\$87.40
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</b>		<b>\$6,220.22</b>
City of Wildomar CFD No. 2013-1 Zone 24		\$2,107.98
City of Wildomar CFD No. 2013-1, Tax B		\$390.14
Measure Z Parks Tax		\$28.00
Western Municipal Water District Standby Charge		\$9.22
Riverside County Flood Control Stormwater		\$4.00
Lake Elsinore Unified School District CFD No. 2017-2		\$3,680.88
<b>TOTAL PROPERTY TAXES</b>		<b><u>\$13,077.49</u></b>
<b>Percent of Property Taxes to Property Value</b>		<b>1.95862%</b>

*Source: Riverside County Treasurer Tax Collector*

## **Special Tax Collections and Delinquency Rates**

The Special Taxes were first levied on Taxable Property within the Community Facilities District in Fiscal Year 2022-23 on 9 parcels in the amount of \$32,467.98, with a 100% collection rate. Collection and delinquency data for the first installment of the Fiscal Year 2023-24 Special Tax levy is not available as of the date of this Official Statement.

***Potential Consequences of Special Tax Delinquencies.*** Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the Community Facilities District could result in draws on the Reserve Fund, and perhaps, ultimately, a default in the payment on the Bonds.

***Special Tax Enforcement and Collection Procedures.*** The Community Facilities District could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received. The Community Facilities District has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See “SECURITY FOR THE BONDS— Covenant to Foreclose” and “BOND OWNERS’ RISKS – Limited Number of Taxable Parcels.”

Foreclosure actions would include, among other steps, formal Board action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable Special Taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.



## PROPERTY OWNERSHIP AND PROPOSED PROPERTY DEVELOPMENT

*The information about Beazer Homes contained in this Official Statement has been provided by its representatives and has not been independently confirmed or verified by the Underwriter, the School District or the Community Facilities District. None of the Underwriter, the School District or the Community Facilities District makes any representation as to the accuracy or adequacy of the information contained in this section. There may be material adverse changes in this information after the date of this Official Statement.*

*The inclusion of information in this Official Statement related to Beazer Homes should not be construed to suggest that the Bonds, or the Special Taxes that will be used to pay the Bonds, are recourse obligations of Beazer Homes or any other property owner in the Community Facilities District. A property owner may sell or otherwise dispose of land within the Community Facilities District or a development, or any interest in such development, at any time.*

*The Bonds are secured solely by the Special Taxes and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. See “BOND OWNERS’ RISKS” for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the Bonds.*

### Property Ownership

The table below shows the ownership of the taxable property within the Community Facilities District as of January 15, 2024.

**Table 7**  
**Property Ownership Summary**

<b>Status</b>	<b>Parcels</b>
Individual Homeowners -- completed homes	56
Beazer Homes -- completed model homes	4
Beazer Homes -- homes under construction	35
Beazer Homes -- vacant lots	13
Total	108

Source: Beazer Homes.

As of January 15, 2024, 56 homes had been conveyed to individual homeowners and 29 homes were in escrow for sale to individual homebuyers that were scheduled to close by May 20, 2024. *Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer.*

### Beazer Homes

As previously defined in this Official Statement, “Beazer Homes” or the “Developer” means Beazer Homes Holdings, LLC, a Delaware limited liability company.

Beazer Homes is a wholly owned subsidiary of Beazer Homes USA, Inc., a Delaware corporation (“**Beazer USA**”), a publicly traded company listed on the New York Stock Exchange under the symbol “BZH.” Founded in 1985, Beazer USA is a geographically diversified homebuilder with active operations in 13 states within three geographic regions in the United States: the West, the East, and the Southeast.

Beazer USA is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith is obligated to file reports, proxy statements, and other information, including financial statements, with the SEC. Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of Beazer USA and its subsidiaries (e.g., see Beazer USA's Annual Report on Form 10-K for the fiscal year ended September 30, 2023, as filed with the SEC on November 16, 2023, and Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, as filed with the SEC on July 27, 2023), as of the dates described therein. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Beazer USA. The address of such internet website is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by Beazer USA pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Beazer USA's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Beazer USA's website at [www.beazer.com](http://www.beazer.com). *These Internet websites are included for reference only, and the information on these Internet sites is not a part of this Official Statement and is not incorporated by reference into this Official Statement.* No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet websites.

Neither Beazer Homes nor Beazer USA is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet websites in evaluating whether to buy, hold or sell the Bonds.

Some of the other residential development projects underway or recently completed by Beazer Homes in Southern California include the following:

<b><i>Project Name</i></b>	<b><i>Location</i></b>	<b><i>Estimated Homes at Completion</i></b>	<b><i>Approximate Date of Final Development</i></b>
Coda at Bedford	Corona	72	September 2025
Iris Park	Moreno Valley	81	December 2025
Hillcrest	Riverside	74	April 2024
Zinnia at The Preserve	Chino	149	July 2026

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*Source: The Developer.*

***Developer Representations.*** In connection with the issuance of the Bonds, an officer or authorized representative of Beazer Homes will execute a Letter of Representations of Beazer Homes (the "**Letter of Representations**") containing the following representations (among others). For purposes of these representations, the following apply:

For purposes of these representations, the following terms have the following meanings:

**"Actual Knowledge of Beazer Homes"** means as of the date of signing the Letter of Representations, the actual (as opposed to constructive) knowledge that the individual signing on behalf of Beazer Homes (the "**Authorized Representative**") currently has or has obtained

through (i) interviews with such current officers and responsible employees of Beazer Homes and its Relevant Entities (defined below) as the Authorized Representative has determined are reasonably likely, in the ordinary course of his or her respective duties, to have knowledge of the matters set forth in the Letter of Representations, and/or (ii) review of documents that were reasonably available to the Authorized Representative and which the Authorized Representative has reasonably deemed necessary for the Authorized Representative to obtain knowledge of the matters set forth in the Letter of Representations. The Authorized Representative has not conducted any inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of Beazer Homes's current business and operations. The Authorized Representative signing the Letter of Representations has not contacted any individuals who are no longer employed by or associated with Beazer Homes or its Relevant Entities.

**"Relevant Entity" or "Relevant Entities"** means, with respect to Beazer Homes any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with Beazer Homes, and (ii) for whom information, including financial information or operating data, concerning such Person referenced in clause (i) is material to an evaluation of the Community Facilities District and the Bonds (i.e., information relevant to Beazer Homes's development plans with respect to its Property and the payment of its Special Taxes, or such Person's assets or funds that would materially affect Beazer Homes's ability to develop the Property as described in this Official Statement or to pay its Special Taxes prior to delinquency). For purposes hereof, the term "control" (including the terms "controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

**"Person"** means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**"Property"** means the Property currently owned by Beazer Homes in the Community Facilities District.

*Compliance with Laws.* Except as disclosed in this Official Statement, to the Actual Knowledge of Beazer Homes, Beazer Homes and its Relevant Entities have not violated any applicable law or administrative regulation of the State of California or the United States of America, or any agency or instrumentality of either, which could reasonably be expected to materially and adversely affect Beazer Homes's ability to develop the Property as proposed in this Official Statement or to pay the Special Taxes due with respect to the Property (to the extent the responsibility of Beazer Homes) prior to delinquency).

*Breaches of Agreements.* Except as disclosed in this Official Statement, to the Actual Knowledge of Beazer Homes, (a) Beazer Homes and its Relevant Entities are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, bond, or note (collectively, the **"Material Agreements"**) to which Beazer Homes or its Relevant Entities are a party or are otherwise subject, which breach or default could reasonably be expected to materially and adversely affect Beazer Homes's or its Relevant Entities' ability to develop the Property as described in this Official Statement or to pay the Special Taxes due with respect to the Property (to the extent the responsibility of Beazer Homes) prior to delinquency and (b) no event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default.

*Indebtedness.* Except as described in this Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of Beazer Homes or its Relevant Entities that are secured by an interest in the Property. Neither Beazer Homes nor, to the Actual Knowledge of Beazer Homes, any of its Relevant Entities is currently in material default on any loans, lines of credit or other obligation to repay borrowed money related to the development of the Property or any other project which is reasonably likely to materially and adversely affect ability of Beazer Homes to develop the Property as described in this Official Statement or to pay the Special Taxes levied against the portion of the Property then owned by Beazer Homes (to the extent the responsibility of Beazer Homes) prior to delinquency.

*No Litigation.* Except as set forth in this Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, or public board or body is pending against Beazer Homes (with proper service of process to Beazer Homes having been accomplished) or, to the Actual Knowledge of Beazer Homes, is pending against any Relevant Entity of Beazer Homes (with proper service of process to such Relevant Entity having been accomplished) or to the Actual Knowledge of Beazer Homes is overtly threatened in writing against Beazer Homes or any such Relevant Entity (a) to restrain or enjoin the collection of Special Taxes or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the Reserve Account of the Special Tax Fund established under the Fiscal Agent Agreement), (b) to restrain or enjoin the execution of and performance by Beazer Homes of its obligations under the Continuing Disclosure Certificate, (c) to restrain or enjoin the development of the Property as described in this Official Statement, (d) in any way contesting or affecting the validity of the Special Taxes or the Continuing Disclosure Certificate, or (e) which, if successful, is reasonably likely to materially and adversely affect the ability of Beazer Homes to complete the development and sale of the Property as described in this Official Statement or to pay the Special Taxes levied against the portion of the Property then owned by Beazer Homes (to the extent the responsibility of the Developer) prior to delinquency.

*Special Tax and Assessment Delinquencies.* Beazer Homes has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that Beazer Homes has been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, except as disclosed in this Official Statement, to the Actual Knowledge of Beazer Homes, Beazer Homes is not currently delinquent in, and in the last five years, neither Beazer Homes nor any Relevant Entity of Beazer Homes has, during the period of its ownership, been delinquent to any material extent in, the payment of any ad valorem property tax, special assessment or special tax on property owned by Beazer Homes or any such Relevant Entity (during the period of their ownership) included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the Beazer Homes or such Relevant Entity by a court filing.

*No Bankruptcy.* To the Actual Knowledge of Beazer Homes, Beazer Homes is able to pay its bills as they become due and no legal proceedings are pending against Beazer Homes (with proper service of process to Beazer Homes having been accomplished) or, to the Actual Knowledge of Beazer Homes, threatened in writing in which Beazer Homes may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

## Current Development Status

*The development and financing plans described in this Official Statement are solely projections as of the date of this Official Statement. Such plans are subject to change. No assurance can be made that the proposed development of the property within the Community Facilities District will occur in a timely manner or in the configuration or to the density described herein, or that Beazer Homes, any owners or affiliates thereof, or any other property owner will or will not retain ownership of its property within the Community Facilities District.*

*No assurances can be made that Beazer Homes or any future owner of property within the Community Facilities District will have the resources, willingness, and ability to successfully complete development activities on the property within the Community Facilities District. No representation is made as to the ability (financial or otherwise) of Beazer Homes or any future owner of property within the Community Facilities District to complete development as currently planned.*

*There may be material adverse changes in the development and financing plans described herein after the date of this Official Statement.*

**Background.** The property within the Community Facilities District is entitled for development of a 108-lot subdivision known as “Boulder Creek.”

**Entitlement and Infrastructure Status.** The property within the Community Facilities District is being developed in accordance with Tract Map 31667, which was recorded on September 23, 2021. All other discretionary entitlements required to complete the development and sales of homes in the Community Facilities District have been received.

As of January 15, 2024, all of the infrastructure improvements to be installed by Beazer Homes had been completed, with the exception of an encroachment permit for McVicar Storm Drain and Traffic Signal; certain park/open space improvements; completion of McVicar Storm Drain east of the culvert; and completion of a traffic signal at McVicar/Palomar. Beazer Homes anticipates that these remaining improvements will be complete by August 2024.

**Development Status.** The current development status and product mix for the property in the Community Facilities District is set forth below.

Development Status					
Tract	Number of Parcels	Begin Production Home Construction	Open Model Homes	First Home Sale Closings	Last Home Sale Closings
31667	108	3/27/2022	6/2022	9/7/2022	7/2024

Product Mix				
Tract	Number of Parcels	No. of Plan Types	Approx. Average Square Footage	Base Sales Price Range [1]
31667	108	4	2,316 to 3,462	\$584,990 to \$704,990

[1] Base sale prices are estimated as of January 15, 2024. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Building permits had been issued for 93 parcels as of January 15, 2024. Beazer Homes projects that the remaining 15 parcels will receive building permits by March 9, 2024, and therefore that all of the property in the Community Facilities District will be classified as Developed Property for Fiscal Year 2024-25.

## **Financing Plan**

As of January 15, 2024, Beazer Homes estimates that it has spent approximately \$23,318,814 on developing the property in the Community Facilities District, including land acquisition costs, land improvement costs and other development costs, homebuilding costs, and marketing and sale costs, and that it expects to incur approximately \$6,794,172 on remaining homebuilding costs, and marketing and sales costs to complete the development in the Community Facilities District. These amounts exclude developments costs estimated to be reimbursed to Beazer Homes with a portion of the proceeds of the Bonds.

To date, Beazer Homes has financed its land acquisition, site development and home construction costs related to its property in the Community Facilities District through internally generated funds, which may include cash from operations, proceeds from notes and other bank borrowings, as well as issuance of equity securities. Beazer Homes expects to use these sources of funds to complete its development of its property within the Community Facilities District. Beazer Homes believes that it will have sufficient funds available to complete the proposed development of its property as described in this Official Statement commensurate with the development timing described in this Official Statement.

*Although Beazer Homes expects to have sufficient funds available to complete its proposed development in the Community Facilities District commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to fund the remaining planned development of Beazer Homes's property within the Community Facilities District will be available from Beazer Homes or any other source when needed. Neither Beazer Homes nor any of its related entities, including its parent Beazer USA, is under any legal obligation of any kind to expend funds for the development of the property in the Community Facilities District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Beazer Homes or any other entity or person to fund the costs of such development are entirely voluntary.*

*If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Beazer Homes within the Community Facilities District, and other financing by Beazer Homes is not put into place, there could be a shortfall in the funds required to complete the planned development by Beazer Homes or to pay ad valorem property taxes or Special Taxes related to Beazer Homes's property in the Community Facilities District, and the remaining portions of such development may not be completed. Many factors beyond Beazer Homes's control, or a decision by Beazer Homes to alter its current plans, may cause the actual sources and uses to differ from the projections. See "BOND OWNERS' RISKS" for a discussion of risk factors.*

## Utilities

It is expected that utility services for the taxable property in the Community Facilities District will be provided by the following:

- Water: Elsinore Valley Municipal Water District
- Sanitary sewer: Elsinore Valley Municipal Water District
- Stormwater drainage: City of Wildomar and Riverside County
- Electricity: Southern California Edison

## Environmental Conditions

**CEQA Review.** In January 2006 the County of Riverside approved a Mitigated Negative Declaration under the California Environmental Quality Act in connection with the approval of Tentative Tract Map No. 31667 allowing for the development of the property in the Community Facilities District.

**Seismic Activity.** No known historically active earthquake faults traverse the property within the Community Facilities District. The site is in proximity of active faults including the San Andreas fault, which is capable of producing significant ground shaking. The property within the Community Facilities District is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone).

**Flood Zone.** A portion of the Community Facilities District (consisting of 18 parcels) is within a 100-year flood zone, and Beazer Homes obtained a Conditional Letter of Map Revision (CLOMR) approved by FEMA to raise the elevation of the site so it is no longer in the flood plain. The entire site has been raised above the flood zone and Beazer Homes is currently processing elevation certificates by a licensed surveyor. The elevation certificates are expected to be issued between February 2024 and August 2024. Once issued, homeowners of parcels that were formerly within the flood plain will not be required by their lenders to carry flood insurance. Once the project has secured its final phase of building permits, Beazer Homes will process the Letter of Map Revision (LOMR) through FEMA to document that the project has been elevated above the flood plain.

**Fire Hazards.** Beazer Homes represents that none of the property in the Community Facilities District is located in a Very High Fire Hazard Security Zone.

**Hazardous Materials or Endangered Species.** Beazer Homes represents that, to the Actual Knowledge of Beazer Homes (as defined above), it is not aware of any federally or State-classified hazardous materials or any species currently listed as endangered located on any of its property in the Community Facilities District. See “BOND OWNERS’ RISKS – Property Values – Hazardous Substances.”

## **BOND OWNERS' RISKS**

*The purchase of the Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds.*

### **Risks of Real Estate Secured Investments Generally**

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities District, the supply of or demand for competitive properties in such area, and the market value of property in the event of sale or foreclosure; (ii) changes in real estate tax rate and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, landslides, wildfires, floods and droughts), which may result in uninsured losses.

### **Limited Obligation of the Community Facilities District to Pay Debt Service**

The Community Facilities District has no obligation to pay principal of and interest on the Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. Neither the School District nor the Community Facilities District is obligated to advance funds to pay debt service on the Bonds.

### **Levy and Collection of the Special Tax**

**General.** The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Community Facilities District.

**Limitation on Maximum Special Tax Rate.** The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds.

**No Relationship Between Property Value and Special Tax Levy.** Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the Bonds, and certainly not a direct relationship.

**Factors that Could Lead to Special Tax Deficiencies.** The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:



**Transfers to Governmental Entities.** The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels. Such entities and agencies include the FDIC, the Federal National Mortgage Association (“**Fannie Mae**”), the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”), the Drug Enforcement Agency, the Internal Revenue Service or other similar federal governmental agencies. The FDIC could obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Community Facilities District, and Fannie Mae or Freddie Mac could obtain such an interest by acquiring a mortgage secured by property within the Community Facilities District. See “ – Enforcement of Special Taxes on Governmentally Owned Properties” below.

**Property Tax Delinquencies.** Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “–Property Tax Delinquencies” below. For a summary of recent property tax collection and delinquency rates in the Community Facilities District, see “THE COMMUNITY FACILITIES DISTRICT – Special Tax Collection and Delinquency Rates.”

**Delays Following Special Tax Delinquencies and Foreclosure Sales.** The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE BONDS – Covenant to Foreclose” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY FOR THE BONDS – Covenant to Foreclose.”

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the FDIC has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan which is secured by property within the Community Facilities District. See “– Enforcement of Special Taxes on Governmentally Owned Properties” below.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

## Property Tax Delinquencies

**General.** Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner. See “THE COMMUNITY FACILITIES DISTRICT – Special Tax Collection and Delinquency Rates.”

Sustained or increased delinquencies in the payment of the Special Taxes could cause a draw on the Reserve Fund established for the Bonds and perhaps, ultimately, a default in the payment on the Bonds.

**Measures to Mitigate Consequences of Delinquencies.** The Community Facilities District intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see “SECURITY FOR THE BONDS – Covenant to Foreclose”); and increasing the levy of Special Taxes against non-delinquent property owners in the Community Facilities District, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate.

**Limitations on Increases in Special Tax Levy.** If owners are delinquent in the payment of the Special Tax, the Community Facilities District may not increase Special Tax levies to make up for delinquencies for prior fiscal years above the maximum Special Tax rates specified in the Rate and Method.

In addition, the Community Facilities District’s ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Government Code § 53321(d), which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See “BOND OWNERS’ RISKS.”

## Concentration of Ownership

As of January 15, 2024, property owned by Beazer Homes in the Community Facilities District is projected to be responsible for approximately 48% of the Fiscal Year 2024-25 Special Tax levy. See “THE COMMUNITY FACILITIES DISTRICT.”

The owners of property in the Community Facilities District are not personally obligated to pay the Special Tax attributable to their property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the Community Facilities District, the Fiscal Agent and owners of the Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of the Developer to pay installments of Special Taxes when due could cause the depletion of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax for the Community Facilities District to pay debt service with respect to the Bonds.

### **Failure to Complete Property Development**

Continuing development of the parcels in the Community Facilities District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of Beazer Homes, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, changes in laws, and other factors outside the control of the owners of land in the Community Facilities District. Development in the Community Facilities District may also be affected by development in surrounding areas, which may compete with the property in the Community Facilities District.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bond owners should it be necessary for the School District to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development of the proposed residences in the Community Facilities District as planned, or substantial delays in the completion of the development, may reduce the value of the property within the Community Facilities District and increase the length of time during which Special Taxes would be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the Community Facilities District to pay the Special Taxes when due.

### **Risks Related to Homeowners With High Loan to Value Ratios**

Any future decline in home values in the Community Facilities District could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the Community Facilities District to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

### **Value-to-Debt Ratios**

Value-to-debt ratios have traditionally been used in land-secured bond issues as a measure of the “collateral” supporting the willingness of property owners to pay their special taxes and assessments (and, in effect, their general property taxes as well). The value-to-debt ratio is mathematically a fraction, the numerator of which is the value of the property (usually either the assessed value or a market value as determined by an appraiser) and the denominator of which is the “debt” of the assessments or special taxes. A value-to-debt ratio should not, however, be viewed as a guarantee of credit-worthiness. Land values are especially sensitive to economic cycles. A downturn of the economy may depress land values and hence the value-to-debt ratios. Further, the value-to-debt ratio cited for a bond issue is an average. Individual parcels in a community facilities district may fall above or below the average, sometimes even

below a 1:1 ratio. (With a 1:1 ratio, the land is worth less than the debt on it.) Although judicial foreclosure proceedings can be initiated rapidly, the process can take several years to complete, and the bankruptcy courts may impede the foreclosure action.

Finally, local agencies may form overlapping community facilities districts or assessment districts. They typically do not coordinate their bond issuances. Debt issuance by another entity can dilute value-to-debt ratios. See “THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Governmental Obligations.”

### **Limited Number of Taxable Parcels**

The Special Taxes may only be levied and collected on the property classified as Taxable Property within the Community Facilities District.

Numerous future delinquencies by the owners of Taxable Property in the Community Facilities District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax revenues necessary to pay debt service on the Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See “SECURITY FOR THE BONDS – Reserve Fund,” and “THE COMMUNITY FACILITIES DISTRICT – Potential Consequences of Continuing Special Tax Delinquencies.”

### **Payment of Special Tax Is Not a Personal Obligation of the Property Owners**

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the Community Facilities District, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the Community Facilities District has no recourse against the owner.

### **Appraised Values**

The Appraisal, which is attached as APPENDIX I, estimates the market value of the Taxable Property within the Community Facilities District. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The Community Facilities District has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of the Taxable Property by any other appraiser. A different opinion of value might be rendered by a different appraiser.

The opinion of value assumes a sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion of value is made as of the date of value set forth in the Appraisal, based upon facts and circumstances existing as of the date of value. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the facts and circumstances at the time the Appraisal was prepared.

No assurance can be given that any of the Taxable Property in the Community Facilities District could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

## **Property Values**

The value of Taxable Property within the Community Facilities District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the Community Facilities District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the Community Facilities District's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

*Neither the School District nor the Community Facilities District has evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the Community Facilities District is issuing the Bonds without regard to any such evaluation. Thus, the creation of the Community Facilities District and the issuance of the Bonds in no way implies that the School District or the Community Facilities District has evaluated these risks or their reasonableness.*

The following is a discussion of specific risk factors that could affect the value of property in the Community Facilities District.

**Natural Disasters.** The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

Such natural disasters could include, without limitation, seismic activity, landslides, wildfires, floods, droughts or tornadoes. The areas in and surrounding the Community Facilities District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides. State law requires that all local jurisdictions identify very high fire hazard severity zones within their areas of jurisdiction. Inclusion within these zones is based on vegetation density, slope severity and other relevant factors that contribute to fire severity.

One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

See "PROPERTY OWNERS AND PROPOSED PROPERTY DEVELOPEMENT – Environmental Conditions."

**Legal Requirements.** Other events that may affect the value of Taxable Property include changes in the law or application of the 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.

**Hazardous Substances.** One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property 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 Taxable Property 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 owner, will become obligated to remedy the condition just as is the seller.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the Community Facilities District is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the Community Facilities District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that 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 affect the value of Taxable Property that is realizable upon a delinquency.

**Climate Change.** Climate change caused by human activities may have adverse effects on the value of property within the Community Facilities District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the Community Facilities District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Community Facilities District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

**Endangered Species.** At present, the development of the property within the Community Facilities District has not been adversely affected by any plant or animal species on the endangered species list or that have been proposed by the California Fish and Game Commission or the United States Fish and Wildlife Service for addition to the endangered species list. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within

the Community Facilities District could negatively impact Beazer Homes's ability to complete its the development as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land in the Community Facilities District and the potential revenues available at a foreclosure sale for delinquent Special Taxes.

### **Other Possible Claims Upon the Value of Taxable Property**

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Governmental Obligations" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. 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. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy Delays" below.

### **Potential Early Redemption of Bonds from Prepayments**

Property owners within the Community Facilities District are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of Bonds from Special Tax Prepayments on the Interest Payment Date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of such Special Tax Prepayment. The resulting redemption of Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

### **Enforcement of Special Taxes on Governmentally Owned Properties**

**General.** The ability of the Community Facilities District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the FDIC, the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The Community Facilities District is unable to predict what effect this assertion would have in the event

of a delinquency in the payment of Special Taxes on a parcel within the Community Facilities District in which the FDIC has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the Community Facilities District, but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and a Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The Community Facilities District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the Community Facilities District. No assurance can be given as to the likelihood that the risks described above will materialize while the Bonds are outstanding.

**FDIC.** If any financial institution making any loan secured by real property within the Community Facilities District is taken over by the FDIC, and prior thereto or thereafter the loan (or loans) goes into default, resulting in ownership of the property by the FDIC, then the ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that 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 property 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 the FDIC generally will not pay non-ad valorem taxes, including special taxes and 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 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. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The Community Facilities District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the Community Facilities District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale.

***Property Owned by Fannie Mae or Freddie Mac.*** If a parcel of Taxable Property is owned by a federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited.

***Exemptions Under Rate and Method and the Act.*** Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Taxes; provided, however, that property within the Community Facilities District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Taxes, will continue to be subject to the Special Taxes.

In addition, although the Act provides that if property subject to the Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Taxes with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Taxes. The Act further provides that no other properties or entities are exempt from the Special Taxes 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.

### **Depletion of Reserve Fund**

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See "SECURITY FOR THE BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the Community Facilities District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the Bond Owners under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to

pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

### **Bankruptcy Delays**

The payment of the Special Tax and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY 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 (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

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 then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full.

### **Cybersecurity**

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the School District is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the School District's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the School District or the Community Facilities District, or the administration of the Bonds.

The School District is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County controller and the County tax collector, respectively, for the levy and collection of Special Taxes, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the School District, the Community Facilities District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

### **Disclosure to Future Purchasers**

The Community Facilities District has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the Community Facilities District or the lending of money secured by property in the Community Facilities District. The

Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

### **No Acceleration Provisions**

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See “APPENDIX C – Summary of Certain Provisions of the Fiscal Agent Agreement.” So long as the Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

### **Loss of Tax Exemption**

As discussed under the caption “LEGAL MATTERS – Tax Exemption,” interest on the Bonds might 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 Community Facilities District in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See “THE BONDS – Redemption.”

### **IRS Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing or examination of tax-exempt bond issues, including both random and targeted audits and examinations. It is possible that the Bonds will be selected for audit or examination by the IRS, and that the market value of the Bonds might be affected as a result of such an audit or examination (or by an audit or examination of similar bonds or securities).

### **Impact of Legislative Proposals, Clarifications of the Internal Revenue Code of 1986, as Amended, and Court Decisions on Tax Exemption**

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

For example, various proposals have been made in Congress and by the President that, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of certain specified thresholds.

The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

## **Voter Initiatives and State Constitutional Provisions**

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

**Proposition 218.** Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Among other things, Section 3 of Article XIIC 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.” The Act 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 the Act unless the legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt.

**Proposition 26.** On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIIC of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote. The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the landowners within the Community Facilities District who constituted the qualified electors at the time of such voted authorization, and the statute of limitations period for any challenges to the formation of the Community Facilities District and the levy of the Special Taxes has expired. The Community Facilities District believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 have undergone, are likely to undergo, both judicial and legislative scrutiny.

For example, in August 2014, in *City of San Diego. v. Melvin Shapiro*, an Appellate Court invalidated an election held by the City of San Diego to authorize the levying of special taxes on hotels City-wide pursuant to a City charter ordinance creating a convention center facilities district which specifically defined the electorate to consist solely of (1) the owners of real property in the City on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located. The court held that such landowners and lessees are neither “qualified electors” of the City

for purposes of Articles XIII A, Section 4 of the California Constitution, nor a proper “electorate” under Article XIII C, Section 2(d) of the California Constitution. The court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes under Section 53326(b) of the Act (which was the nature of the voter approval through which the Community Facilities District was formed) violates the California Constitution in districts that lack sufficient registered voters to conduct an election among registered voters. Accordingly, this case should have no effect on the levy of the Special Taxes by the Community Facilities District.

The School District and the Community Facilities District cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the Community Facilities District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

### **Secondary Market for Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond 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.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Code), or changes in interpretation of the Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

## **LEGAL MATTERS**

### **Legal Opinions**

The legal opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, approving the validity of the Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX G. A copy of the legal opinion will be attached to each Bond.

Jones Hall, A Professional Law Corporation, San Francisco, California, will pass upon certain legal matters for the Community Facilities District as disclosure counsel. Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, will pass upon certain legal matters for the Community Facilities District as special counsel to the School District. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter.

### **Tax Exemption**

***Tax Exemption – Opinion of Bond Counsel.*** In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, compliance with certain representations and with

certain covenants, interest the Bonds (including any original issue discount allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the opinion of Bond Counsel such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinions of Bond Counsel set forth in the preceding paragraph are subject to the condition that the Community Facilities District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Community Facilities District has covenanted in the Fiscal Agent Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Certain requirements and procedures contained or referred to in the Fiscal Agent Agreement and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Bond or the interest thereon if any such change occurs or action is taken upon advice or approval of bond counsel other than Bond Counsel.

In the further opinion of Bond Counsel interest on the Bonds is exempt from personal income taxation imposed by the State.

Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or State tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or State tax consequences arising with respect to the Bonds other than as expressly described above. See APPENDIX G for the proposed form of the opinion of Bond Counsel.

The opinion of Bond Counsel approving the validity of the Bonds, in substantially the form appearing in APPENDIX G, will be supplied to the original purchasers of the Bonds without cost. See APPENDIX G for the proposed form of the opinion of Bond Counsel. A copy of such opinion will be attached at the end of each Bond. The payment of fees of Bond Counsel is contingent upon the closing of the Bonds transaction.

Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization and issuance of the Bonds and to rendering an opinion as to the validity of the Bonds, the exclusion from gross income for federal income tax purposes of interest on the Bonds and the exemption of interest paid on the Bonds from State personal income taxation. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and expresses no opinion relating thereto.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Community Facilities District or the Owners regarding the federal tax-exempt status of interest paid on the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Community Facilities District and their respective appointed counsel, including the Owners, would have little, if any, right to participate in such an audit examination process. Moreover, because achieving judicial review in connection with an

audit examination of federally tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Community Facilities District legitimately disagrees may not be practicable. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Community Facilities District or the Owners to incur significant expense.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the recipient's federal or state tax liability. Owners of the Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any federal or State tax consequences arising with respect to the Bonds other than as expressly described above.

***Original Issue Discount; Premium Bonds.*** 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 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 semi-annually (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 the 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, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under the federal alternative minimum tax.

The 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 circumstances.

***Information Reporting; Backup Withholding.*** Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007, on federally tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements

will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner’s federal income tax once the required information is furnished to the IRS. Bond Counsel provides no opinion concerning such reporting or withholding with respect to the Bonds.

***Internal Revenue Service Audit of Federally Tax-Exempt Bond Issues.*** The IRS has undertaken a program for the auditing of federal tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds or securities).

***Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption.*** Future legislative proposals, if enacted into law, clarification of the Code and/or court decisions may cause interest paid on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to, or exempted from, State income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such or future legislative proposals, clarification of the Code and/or court decisions may also affect the market price for, liquidity of, or marketability of, the Bonds. In recent years, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

As discussed in this Official Statement, under the above caption “Tax Exemption – Opinion of Bond Counsel,” 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 Community Facilities District in violation of its covenants in the Fiscal Agent Agreement. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under the other redemption provisions contained in the Fiscal Agent Agreement.

***Other Post-Issuance Events.*** Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment affecting Owners of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such events on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of



interest paid on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

### **No Litigation**

At the time of delivery of the Bonds, the Community Facilities District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Community Facilities District has been served with process or, to the knowledge of the Community Facilities District, threatened

- that in any way questions the powers of the Board or the Community Facilities District, or
- that in any way questions the validity of any proceeding taken by the Board in connection with the issuance of the Bonds, or
- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase agreement with respect to the Bonds, or
- that, in any way, could adversely affect the validity or enforceability of the resolutions of the Board adopted in connection with the formation of the Community Facilities District or the issuance of the Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase agreement with respect to the Bonds, or
- to the knowledge of an authorized officer of the Community Facilities District, that in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes, or
- that in any other way questions the status of the Bonds under State tax laws or regulations.

### **CONTINUING DISCLOSURE**

#### **Community Facilities District Continuing Disclosure**

The Community Facilities District will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Bonds by not later than seven months after the end of the Community Facilities District's fiscal year, or January 31 each year based on the Community Facilities District's current fiscal year end of June 30 (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the Community Facilities District is set forth in APPENDIX E.

The Community Facilities District has not entered into any prior continuing disclosure undertakings under the Rule. The School District and its community facilities districts have existing undertakings pursuant to the Rule in connection with prior bond issuances. Based on a review conducted by a third party, the School District is aware of the following instances of non-compliance with the requirements of its continuing disclosure undertakings during the past five years:

- For Fiscal Year 2021-22, certain required information was omitted from the annual operating data filed for the Community Facilities District No. 2007 Special Tax Bonds, Series 2021, and the Community Facilities District No. 2006-2 (Improvement Area No. C) Special Tax Bonds, Series 2020; and the annual operating data was not properly linked to the CUSIPs for the Community Facilities District No. 2006-2 (Improvement Area No. B) Special Tax Bonds, Series 2019.

- For Fiscal Year 2020-21, certain required information was omitted from the annual operating data filed for the Community Facilities District No. 2007-2 Special Tax Bonds, Series 2021, and the Community Facilities District No. 2006-2 (Improvement Area No. C) Special Tax Bonds, Series 2020; the annual operating data was filed one day later for the Community Facilities District No. 2004 Special Tax Bonds, Series 2005; and audited financial statements were filed one day late for multiple issues.

- For Fiscal Year 2019-20, certain required information was omitted from the annual operating data filed for the Community Facilities District No. 2006-2 (Improvement Area No. C) Special Tax Bonds, Series 2020, the Lake Elsinore School Financing Authority Special Tax Revenue Bonds, 2017 Series A, and the Community Facilities District No. 2013-2 Special Tax Bonds, Series 2015.

- For Fiscal Year 2018-19, certain required information was omitted from the annual operating data filed for the Lake Elsinore School Financing Authority Special Tax Revenue Bonds, 2017 Series A, and the Community Facilities District No. 2013-2 Special Tax Bonds, Series 2015.

- For Fiscal Year 2017-18, certain required information was omitted from the annual operating data filed for the Community Facilities District No. 2013-2 Special Tax Bonds, Series 2015; and the school district's adopted budget was filed one day late for multiple issues.

The School District has made remedial filings where possible regarding the instances of non-compliance described above. The foregoing does not represent any acknowledgment by the School District that such non-compliance was material under the Rule.

### **Developer Continuing Disclosure**

Beazer Homes is not an obligated party under the Rule. However, pursuant to a continuing disclosure certificate dated the date of issuance of the Bonds (the "**Developer Continuing Disclosure Certificate**"), Beazer Homes has voluntarily agreed to provide, or cause to be provided, to the EMMA system: (a) certain information concerning Beazer Homes and the parcels that it is developing within the Community Facilities District (the "**Periodic Report**"); (b) and notice of certain enumerated events. Each Periodic Report is to be filed not later than April 30 and October 31 of each year, beginning October 31, 2024.

The obligations of Beazer Homes under the Developer Continuing Disclosure Certificate will terminate upon the earlier of: (i) legal defeasance, prior redemption or payment in full of all of the Bonds;

(ii) such time as the Property consists of 20 or fewer residential lots; (iii) the date on which Beazer Homes has no obligations under the Developer Continuing Disclosure Certificate with respect to any property because such obligations have been assumed by one or more Major Property Owners or Affiliates thereof pursuant to an Assumption Agreement (as such terms are defined in the Developer Continuing Disclosure Certificate); or (iv) the date on which the Special Taxes on the Property are prepaid in full.

Within the past five years, Beazer Homes has not failed to comply with any of its previous continuing disclosure undertakings relating to an issuance of bonds of a community facilities district in California.

The proposed form of the Developer Continuing Disclosure Certificate is set forth in APPENDIX F.

### **NO RATING**

The Community Facilities District has not made, and does not contemplate making, any application to a rating agency for a rating on the Bonds. No such rating should be assumed from any credit rating that the School District or the Community Facilities District may obtain for other purposes. 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.

### **UNDERWRITING**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, at a purchase price of \$6,972,600.05 (which represents the aggregate principal amount of the Bonds (\$6,895,000.00), plus an original issue premium of \$186,196.30, and less an Underwriter's discount of \$108,596.25).

The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

### **PROFESSIONAL FEES**

In connection with the issuance of the Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Disclosure Counsel;
- Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, as Bond Counsel and Special District Counsel;
- Kutak Rock LLP, Irvine, California, as Underwriter's Counsel;
- Piper Sandler & Co., as Municipal Advisor
- KeyAnalytics, as Special Tax Consultant;
- Zions Bancorporation, National Association, as Fiscal Agent.

## EXECUTION

The execution and delivery of the Official Statement by the Community Facilities District have been duly authorized by the Governing Board of the Lake Elsinore Unified School District, acting as the Legislative Body of the Community Facilities District.

### COMMUNITY FACILITIES DISTRICT NO. 2017-2 OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT

By:           /s/ James Judziewicz            
James Judziewicz,  
Assistant Superintendent,  
Facilities & Operations Support Services  
Lake Elsinore Unified School District, on behalf of  
Community Facilities District No. 2017-2 of the  
Lake Elsinore Unified School District

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## APPENDIX A

### GENERAL INFORMATION ABOUT THE CITY OF WILDOMAR AND THE COUNTY OF RIVERSIDE

*The following information concerning the City of Wildomar (the “City”) and the County of Riverside (the “County”) is included only for the purpose of supplying general information regarding the area within and surrounding the Community Facilities District. The Bonds are not a debt of the City, the County, the State of California or any of its political subdivisions (other than the Community Facilities District), and none of the City, the County, the State of California or any of their political subdivisions (other than the Community Facilities District) is liable therefor.*

#### **General Information**

Lake Elsinore Unified School District (the “**District**”) boundaries stretch over 144 square miles through Southwest Riverside County, serving families in Lake Elsinore, Canyon Lake, and Wildomar, and several unincorporated Riverside County communities, including Lakeland Village and Horsethief Canyon.

The earliest schools began serving the valley during the 1880s, a few years before the City of Lake Elsinore's incorporation (1888). In 1988, Elsinore Union High School District unified with the Elsinore Elementary District (K-8) to form the District. Over 140 years later, the legacy of education at the District continues serving over 21,000 TK-12th-grade students district at 25 schools, including alternative education programs.

**The City.** The City is in southwest Riverside County, California, United States. And was incorporated on July 1, 2008. The community grew very quickly during the early twenty-first century; the population has more than doubled since the 2000 census, when the community was still an unincorporated census-designated place.

**The County.** The County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego counties. Located in the southeastern portion of California, the County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial counties and on the west by Orange and Los Angeles counties. There are 28 incorporated cities in the County.

The County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the Hemet mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site of famous resorts, such as those in Palm Springs, and is a leading area for inland water recreation. Nearly 20 lakes in the County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

## Population

The following table shows population estimates for the City, the County and the State of California for the past five years.

### **CITY OF WILDOMAR, COUNTY OF RIVERSIDE Population Estimates**

<b>Year (January 1)</b>	<b>City of Wildomar</b>	<b>Riverside County</b>	<b>State of California</b>
2019	36,878	2,419,057	39,605,361
2020	36,963	2,440,719	39,648,938
2021	36,713	2,418,727	39,286,510
2022	36,438	2,430,976	39,078,674
2023	36,336	2,439,234	38,940,231

*Source: State of California Department of Finance, Demographic Research Unit.*

## Employment and Industry

The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 5.1 percent in October 2023, up from a revised 4.9 percent in September 2023, and above the year-ago estimate of 4.0 percent. This compares with an unadjusted unemployment rate of 4.8 percent for California and 3.6 percent for the nation during the same period. The unemployment rate was 5.2 percent in Riverside County, and 5.0 percent in San Bernardino County.

The table below lists employment by industry group for the County for the past five years for which data is available.

**RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA**  
**(Riverside and San Bernardino Counties)**  
**Annual Average Civilian Labor Force, Employment and Unemployment,**  
**Employment by Industry**  
**(March 2022 Benchmark)**

	2018	2019	2020	2021	2022
Civilian Labor Force <sup>(1)</sup>	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Unemployment	87,700	84,000	206,900	156,600	89,400
Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	14,500	15,400	14,100	13,700	13,900
Mining and Logging	1,200	1,200	1,300	1,400	1,600
Construction	105,200	107,200	104,900	110,100	115,200
Manufacturing	100,400	101,300	96,000	96,100	99,600
Wholesale Trade	66,100	67,700	65,600	67,400	69,700
Retail Trade	181,200	180,700	168,800	177,000	180,600
Transportation, Warehousing and Utilities	132,100	146,600	172,500	198,800	214,200
Information	11,400	11,500	9,600	9,700	10,200
Finance and Insurance	25,300	24,800	24,600	24,400	24,600
Real Estate and Rental and Leasing	19,300	20,200	19,500	20,700	22,200
Professional and Business Services	151,400	157,900	154,800	169,400	179,100
Educational and Health Services	239,500	250,300	248,800	254,300	266,400
Leisure and Hospitality	170,600	175,900	141,300	160,200	179,600
Other Services	45,800	46,200	40,200	43,600	47,900
Federal Government	20,700	21,100	22,100	21,100	20,900
State Government	30,600	31,100	31,300	30,400	28,300
Local Government	205,900	209,000	194,600	190,500	200,300
Total All Industries <sup>(3)</sup>	1,521,100	1,568,100	1,509,900	1,588,800	1,674,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department, March 2022 Benchmark.



## Employment

The following table lists the largest manufacturing and non-manufacturing employers within the County as of May 5, 2023.

### RIVERSIDE COUNTY Major Employers May 5, 2023

Employer Name	Number of Employees	Location	Description
County of Riverside	25,366	Countywide	County Government
Amazon	14,317	Countywide	E-Commerce
March Air Reserve Base	9,600	March ARB	Military Reserve Base
Nestle UA	8,874	Mira Loma	General Line Grocery Merchant Wholesalers
University of California, Riverside	8,623	Riverside	University
State of California	8,383	Countywide	State Government
Walmart	7,494	Countywide	Retail Company
Moreno Valley Unified School District	6,020	Moreno Valley	School District
Kaiser Permanente Riverside Medical Center	5,817	Riverside	Hospital
Corona-Norco Unified School District	5,478	Corona	School District
Riverside Unified School District	5,431	Riverside	School District
Mt. San Jacinto Community College District	4,638	San Jacinto	Community College District
Marie Callender Wholesalers Inc.	4,454	Corona	Bakery Products Wholesale
Temecula Valley School District	4,022	Temecula	School District
Eisenhower Medical Center	4,001	Rancho Mirage	Hospital
Pechanga Resort & Casino	4,000	Temecula	Resort Casino
Hemet Unified School District	3,960	Hemet	School District
Murrieta Valley Unified School District	3,552	Murrieta	School District
Starcrest of California	3,450	Perris	E-Commerce
Palm Springs Unified School District	3,328	Palm Springs	School District
Stater Bros	3,297	County Wide	Retail Grocery Company
Lake Elsinore Unified School District	3,267	Lake Elsinore	School District
Home Depot	3,115	Countywide	Home Center
Jurupa Unified School District	2,749	Jurupa	School District
McDonalds	2,721	County-wide	Limited Service Restaurant
City of Riverside	2,700	Riverside	City Government
Target	2,631	Countywide	Retail Company
Coachella Valley Unified School District	2,581	Thermal	School District
Albertsons/Sav-On	2,231	Countywide	Retail Grocery Company
Riverside Community College District	2,228	Riverside	Community College District
Hemet Valley Medical Center	2,214	Hemet	Hospital
Agua Caliente Band of Cahuilla Indians	2,200	Rancho Mirage	Tribal Government/Casinos
Spa Resort and Casino	2,120	Palm Springs	Resort & Spa
Beaumont Unified School District	2,053	Beaumont	School District
Kroger (Ralphs & Vons)	2,035	Countywide	Retail Grocery Company
Abbott Vascular Inc	2,008	Temecula	Medical Device Manufacturer
Desert Regional Medical Center	1,991	Palm Springs	Hospital
Alvord Unified School District	1,936	Corona	School District
Lowes Home Improvement	1,928	County-wide	Home Center
United Parcel Service	1,678	Countywide	Delivery Services

Source: DatabaseUSA.com, Websites & Public Records, 2023

## Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2023 in the City were reported to be \$128,544,677, a 3.65% decrease over the total taxable sales of \$133,415,105 reported during the first two quarters of calendar year 2022.

**CITY OF WILDOMAR**  
**Taxable Transactions**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

<b>Year</b>	<b>Retail Permits</b>	<b>Retail Stores Taxable Transactions</b>	<b>Total Permits</b>	<b>Total Outlets Taxable Transactions</b>
2018	402	\$155,297	661	\$180,602
2019	424	148,901	713	176,945
2020	465	141,293	780	176,001
2021	413	181,518	676	223,007
2022	453	212,975	727	269,477

*Source: State Department of Tax and Fee Administration.*

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2023 in the County were reported to be \$29,689,369,684, a 2.77% decrease over the total taxable sales of \$30,533,866,457 reported during the first two quarters of calendar year 2022.

**COUNTY OF RIVERSIDE**  
**Taxable Transactions**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

<b>Year</b>	<b>Retail Permits</b>	<b>Retail Stores Taxable Transactions</b>	<b>Total Permits</b>	<b>Total Outlets Taxable Transactions</b>
2018	39,577	\$28,042,692	61,433	\$38,919,498
2019	40,491	29,020,401	64,063	40,557,845
2020	43,106	30,321,662	69,284	42,313,474
2021	39,455	41,330,546	64,335	55,535,196
2022	40,719	45,373,560	66,738	61,908,344

*Source: State Department of Tax and Fee Administration.*

## Construction Trends

Provided below are the building permits and valuations for the City and the County for the past five calendar years, 2018 through 2022.

### CITY OF WILDOMAR Total Building Permit Valuations (Dollars in Thousands)

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$32,848.4	\$1,586.8	\$10,203.0	\$11,981.6	\$13,482.2
New Multi-family	0.0	0.0	0.0	0.0	3,235.4
Res. Alterations/Additions	<u>487.3</u>	<u>550.0</u>	<u>2,382.6</u>	<u>3,582.0</u>	<u>655.6</u>
Total Residential	33,335.7	2,136.8	12,585.	\$15,563.6	17,373.2
New Commercial	0.0	235.1	15,237.1	45.0	12,979.6
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,532.2	555.4	2,597.4	728.1	9,483.9
Com. Alterations/Additions	<u>455.8</u>	<u>602.1</u>	<u>2,448.9</u>	<u>1,977.4</u>	<u>1,258.1</u>
Total Nonresidential	1,988.0	1,392.6	20,283.4	2,750.5	23,721.6
<u>New Dwelling Units</u>					
Single Family	41	7	50	52	61
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23</u>
TOTAL	41	7	50	52	84

Source: Construction Industry Research Board, Building Permit Summary.

### RIVERSIDE COUNTY Total Building Permit Valuations (Dollars in Thousands)

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$2,200,020.7	\$1,834,821.9	\$2,315,365.2	\$2,013,159.0	\$2,429,329.1
New Multi-family	232,706.8	282,465.1	93,149.3	149,081.2	339,474.5
Res. Alterations/Additions	<u>125,353.5</u>	<u>158,118.0</u>	<u>110,788.7</u>	<u>100,401.7</u>	<u>152,309.4</u>
Total Residential	2,558,080.9	2,275,404.9	2,519,303.2	2,262,641.9	2,921,113.0
New Commercial	965,131.6	346,766.8	358,641.9	635,224.9	803,172.0
New Industrial	529,326.4	493,872.3	225,401.2	184,816.8	83,555.9
New Other	149,451.5	145,129.9	188,796.5	432,994.3	290,132.8
Com. Alterations/Additions	<u>315,771.0</u>	<u>300,086.8</u>	<u>380,938.0</u>	<u>290,961.7</u>	<u>524,757.1</u>
Total Nonresidential	1,959,680.5	1,285,855.8	1,153,777.6	1,543,997.7	1,701,617.8
<u>New Dwelling Units</u>					
Single Family	7,540	6,563	8,443	7,360	8,863
Multiple Family	<u>1,628</u>	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>
TOTAL	9,168	8,361	9,166	8,486	11,724

Source: Construction Industry Research Board, Building Permit Summary.

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City of Wildomar, County of Riverside, the State and the United States for the period 2020 through 2024.

**CITY OF WILDOMAR, COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA, AND THE UNITED STATES  
Effective Buying Income  
2020 through 2024**

<b>Year</b>	<b>Area</b>	<b>Total Effective Buying Income (000's Omitted)</b>	<b>Median Household Effective Buying Income</b>
2020	City of Wildomar	\$1,017,323	\$71,423
	Riverside County	59,340,417	59,928
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Wildomar	\$1,056,409	\$72,878
	Riverside County	60,749,088	60,865
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Wildomar	\$1,230,320	\$84,556
	Riverside County	71,160,968	70,961
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Wildomar	\$1,146,613	\$81,349
	Riverside County	72,687,953	71,623
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Wildomar	\$1,204,104	\$83,919
	Riverside County	76,381,809	75,269
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876

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*Claritas, LLC.*

## **Agriculture**

Agriculture remains a leading source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, dates, lemons and avocados. Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

## **Transportation**

Easy access to job opportunities in the County and nearby Los Angeles, Orange and San Diego Counties is important to the County's employment. Several major freeways and highways provide access between Riverside County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through the City of Riverside and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of the County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstates 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with a stop in Indio-Cabazon. Freight service to major west coast and national markets is provided by two transcontinental railroads – Burlington Northern/Santa Fe and Union Pacific. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The City of Banning also operates a local bus system.

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport. This airport is operated by the Ontario International Airport Authority, formed under a joint powers agreement with the City of Ontario and San Bernardino County by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Ontario International Airport. County-operated general aviation airports include those in Thermal, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996.

## **APPENDIX B**

### **RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES OF COMMUNITY FACILITIES DISTRICT NO. 2017-2 OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT**

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**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES OF  
COMMUNITY FACILITIES DISTRICT NO. 2017-2  
OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT**

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels (as defined herein) within Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District ("School District") each Fiscal Year (as defined herein) commencing in Fiscal Year 2017/2018, in an amount determined by the Board (as defined herein) through the application of the Rate and Method of Apportionment of Special Taxes ("RMA") described below. All of the real property within the District (as defined below), unless exempted by law or by provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**SECTION A  
DEFINITIONS**

For purposes of this RMA, the terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the number of acres of 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 Administrator may rely on the land area shown on the applicable Final Map.

**"Act"** means the Mello-Roos Communities 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 expense incurred by the School District on behalf of the District related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including, but not limited to, the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of the District, and reasonable costs otherwise incurred in order to carry out the authorized purposes of the District including a proportionate amount of School District general administrative overhead related thereto.

**"Administrator"** means an official of the School District, or designee thereof, responsible for determining the levy and collection of the Special Taxes.

**"Annual Special Tax"** means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

**"Approved Property"** means all Assessor's Parcels of Taxable Property that (i) are associated with a Lot in a Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied and (ii) have not been issued a building permit prior to the May 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.



**"Assessor's Parcel"** means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the District.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Annual Special Tax"** means the Special Tax of that name described in Section D hereof.

**"Backup Annual Special Tax"** means the Special Tax of that name described in Section E hereof.

**"Board"** means the Governing Board of the School District, or its trustees, in certain cases acting as the Legislative Body of the District.

**"Bond Index"** means the national Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's "A1" and/or Standard & Poor's "A+", as determined by the Board.

**"Bond Yield"** means the yield of the last series of Bonds issued, for purposes of this calculation the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

**"Bonds"** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which the Special Taxes have been pledged for repayment.

**"Building Square Footage"** or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

**"Calendar Year"** means the period commencing on January 1 of any year and ending on the following December 31.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels of Taxable Property for which building permit(s) were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year, as determined reasonably by the Administrator.

**"District"** means Community Facilities District No. 2017-2 of the School District.

**"Exempt Property"** means all Assessor's Parcels within the District designated as being exempt from Special Taxes pursuant to Section K hereof.

**"Final Map"** means a final tract map, parcel map, condominium plan, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the County Recorder.

**"Fiscal Year"** means the period commencing on July 1 of any year and ending on the following June 30.

**"Land Use Class or Classes"** means the tax class classifications depicted in Table 1 for all Assessor's Parcels of Developed Property based on the Building Square Footage of such Assessor's Parcel.

**"Lot"** means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Map upon which condominium units are entitled to be developed but for which a condominium plan or equivalent instrument has not been recorded, the number of Lots allocable to such legal lot for purposes of calculating the Backup Annual Special Tax applicable to such Final Map shall equal the number of Units which are approved to be constructed on such legal lot as reasonably determined by the Administrator.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C, which can be levied by the District in any Fiscal Year on any Assessor's Parcel.

**"Mitigation Agreement"** means the "School Facilities Funding and Mitigation Agreement", dated as of June 14, 2017, as it may be amended, and as applicable to the territory included within the District.

**"Net Taxable Acreage"** means the total Acreage of Developed Property expected to exist in the District after all Final Maps are recorded.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor's Parcel as described in Section H hereof.

**"Prepayment Administrative Fees"** means any fees or expenses of the School District or the District associated with the prepayment of the Annual Special Tax obligation of an Assessor's

Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

**"Prepayment Amount"** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel as described in Section G hereof.

**"Present Value of Taxes"** means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the Annual Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Administrator, until the termination date specified in Section J, but in no event longer than 35 Fiscal Years. The discount rate used for this calculation shall be equal to (a) the Bond Yield after Bond issuance or (b) the most recently published Bond Index prior to Bond issuance.

**"Proportionately"** means that the ratio of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels. In the case of Developed Property subject to apportionment of the Annual Special Tax under Step Four of Section F, "Proportionately" shall mean that the quotient of (i) the Annual Special Tax less the Assigned Annual Special Tax divided by (ii) the Backup Annual Special Tax less the Assigned Annual Special Tax is equal for all applicable Assessor's Parcels.

**"Provisional Undeveloped Property"** means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to Section K, but which cannot be classified as Exempt Property because to do so would reduce the Net Taxable Acreage below the required minimum Acreage set forth in Section K, as applicable.

**"Reserve Fund Credit"** means an amount equal to the lesser of (i) the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or (ii) ten percent (10%) of the amount of Bonds which will be redeemed. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is underfunded at the time of the prepayment, no Reserve Fund Credit shall be given.

**"School District"** means the Lake Elsinore Unified School District, a public school district organized and operating pursuant to the Constitution and laws of the State of California.

**"Special Tax"** means any of the special taxes authorized to be levied by the District pursuant to the Act and this RMA.

**"Special Tax Requirement"** means the amount required in any Fiscal Year to pay (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or

accumulation of funds for the acquisition or construction of school facilities and certain costs associated with the maintenance and operations of school facilities authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four of Section F, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included cannot cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

**"Taxable Property"** means all Assessor's Parcels within the District which are not Exempt Property.

**"Undeveloped Property"** means all Assessor's Parcels of Taxable Property within the District which are not Developed Property or Approved Property.

**"Unit"** means each separate residential dwelling unit, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, excluding hotel and motels.

## SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, commencing with Fiscal Year 2017/2018, all Assessor's Parcels within the District shall be classified as either Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. Each Assessor's Parcel of Developed Property shall be further assigned to a Land Use Class, according to Table 1 below, based on the Building Square Footage of each Unit for which a building permit has been issued with respect to such Assessor's Parcel.

**Table 1**  
**Land Use Classification**

Land Use Class	Building Square Footage
1	<2,400 sq. ft.
2	2,401 – 2,600 sq. ft.
3	2,601 – 2,800 sq. ft.
4	2,801 – 3,000 sq. ft.
5	3,001 – 3,200 sq. ft.
6	>3,200 sq. ft.

## SECTION C

### MAXIMUM SPECIAL TAX RATE

Prior to the issuance of Bonds, the Maximum Special Tax and Assigned Annual Special Tax on Developed Property, Approved Property, Undeveloped Property and Provisional Undeveloped Property may be reduced in accordance with and subject to the conditions set forth in this Section C without the need for any proceedings to make changes as permitted under the Act. If it is reasonably determined by the Administrator that the maximum tax burden in the District exceeds the School District's maximum tax burden objective set forth in the Mitigation Agreement, the Maximum Special Tax and Assigned Annual Special Tax on Developed Property for a Land Use Class may be reduced. The Maximum Special Tax and Assigned Annual Special Tax may be reduced to the amount necessary to equal such maximum tax burden level with the written consent of the Administrator and without the need for any additional Board proceedings.

The Maximum Special Tax and Assigned Annual Special Tax for Approved Property, Undeveloped Property and Provisional Undeveloped Property may also be reduced in accordance with the Maximum Special Tax reductions for Developed Property, if the Administrator reasonably determines that such reductions are necessary. Each Maximum Special Tax and Assigned Annual Special Tax reduction for a Land Use Class shall be calculated separately, as reasonably determined by the Administrator, and it shall not be required that such reduction be proportionate among Land Use Classes. The reductions permitted pursuant to this Section C shall be reflected in an amended notice of Special Tax lien which the School District shall cause to be recorded as a result of executing a certificate in substantially the form attached herein as Exhibit A.

**1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of the amount derived by the application of the (a) Assigned Annual Special Tax or (b) Backup Annual Special Tax.

**2. Approved Property**

The Maximum Special Tax for each Assessor's Parcel classified as Approved Property shall be derived by the application of the Assigned Annual Special Tax.

**3. Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be derived by the application of the Assigned Annual Special Tax.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax for all Assessor's Parcels classified as Developed Property shall be determined in accordance with Table 2 below according to the Land Use Class of the Unit, subject to increases as described below.

**Table 2**  
**Assigned Annual Special Tax for**  
**Developed Property**

Land Use Class	Building Square Footage	Assigned Annual Special Tax Rate
1	<2,400 sq. ft.	\$3,216.10 per Unit
2	2,401 – 2,600 sq. ft.	\$3,268.52 per Unit
3	2,601 – 2,800 sq. ft.	\$3,320.94 per Unit
4	2,801 – 3,000 sq. ft.	\$3,450.88 per Unit
5	3,001 – 3,200 sq. ft.	\$3,538.51 per Unit
6	>3,200 sq. ft.	\$3,626.15 per Unit

**2. Approved Property, Undeveloped Property and Provisional Undeveloped Property**

The Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, or Provisional Undeveloped Property shall be \$18,189.73 per acre of Acreage, subject to increases as described below.

**3. Increases in the Assigned Annual Special Tax**

**a. Developed Property**

On each July 1, commencing July 1, 2018, the Assigned Annual Special Tax rate applicable to Developed Property shall be increased by two percent (2.00%).

**b. Approved Property, Undeveloped Property and Provisional Undeveloped Property**

On each July 1, commencing July 1, 2018, the Assigned Annual Special Tax rate per acre of Acreage for Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%).

**SECTION E**

## BACKUP ANNUAL SPECIAL TAX

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax.

### 1. Calculation of the Backup Annual Special Tax Rate

The Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2017/2018 or such later Fiscal Year in which such Final Map is created, subject to increases as described below:

$$B = (U \times A) / L$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot for the applicable Fiscal Year
U	=	Assigned Annual Special Tax per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
A	=	Acreage of Taxable Property expected to exist in such Final Map at the time of calculation, as determined by the Administrator
L	=	Number of Lots in the applicable Final Map at the time of calculation.

### 2. Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

- a. Determine the total Backup Annual Special Tax revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- b. The result of paragraph (a) above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.

- c. The result of paragraph (b) above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

Each July 1, commencing the July 1 first following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final map, the Backup Annual Special Tax for each Lot within such Final Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

## **SECTION F**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2017/2018 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes on all Taxable Property in accordance with the following steps:

- Step One:** The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two:** If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three:** If additional moneys are needed to satisfy the Special Tax Requirement after the second step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four:** If additional moneys are needed to satisfy the Special Tax Requirement after the third step has been completed, the Annual Special Tax on each Assessor's Parcel of Developed Property, whose Maximum Special Tax is the Backup Annual Special Tax, shall be increased Proportionately from the Assigned Annual Special Tax up to 100% of the Backup Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Five:** If additional moneys are needed to satisfy the Special Tax Requirement after the fourth step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.



**SECTION G**  
**PREPAYMENT OF ANNUAL SPECIAL TAXES**

**1. Special Tax Prepayment Times and Conditions**

The Annual Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax shall provide the School District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

**2. Special Tax Prepayment Calculation**

The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P = Prepayment Amount

PVT = Present Value of Taxes

RFC = Reserve Fund Credit

PAF = Prepayment Administrative Fees

**3. Special Tax Prepayment Procedures and Limitations**

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement or indenture agreement or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by the School District on behalf of the District.

With respect to any Assessor's Parcel for which the Special Tax is prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of

the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such prepayment net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to prepay the Annual Special Tax obligation of an Assessor's Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of the District, without notice to the owners of property within the District for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by the District, on behalf of the District to assist in the efficient preparation of the required bond market disclosure.

## SECTION H PARTIAL PREPAYMENT OF SPECIAL TAXES

### 1. Partial Prepayment Times and Conditions

The Annual Special Tax obligation of Assessor's Parcels of Taxable Property may be partially prepaid in increments of ten (10) units, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcels at the time the Annual Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel(s) intending to partially prepay the Annual Special Tax shall provide the District with written notice of their intent to partially prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount.

### 2. Partial Prepayment Calculation

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = PVT \times F - RFC + PAF$$

The terms above have the following meanings:

PP=            the Partial Prepayment Amount

PVT        =        Present Value of Taxes

F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax obligation
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

### 3. **Partial Prepayment Procedures and Limitations**

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement, indenture agreement or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by the School District on behalf of the District.

With respect to any Assessor's Parcel for which the Special Tax obligation is partially prepaid, the Board shall indicate in the records of the District that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax if applicable for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to prepay the Annual Special Tax obligation of an Assessor's Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of the District, without notice to the owners of property within the District for a period of time, not to exceed sixty (60) days,

prior to the scheduled issuance of Bonds by the District to assist in the efficient preparation of the required bond market disclosure.

## SECTION I ANNUAL SPECIAL TAX REMAINDER

In any Fiscal Year which the Annual Special Taxes collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds, replenish the reserve fund for the Bonds, and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of school facilities, certain costs associated with the maintenance and operations of school facilities, or as otherwise permitted within the Mitigation Agreement, in accordance with the Act, District proceedings and other applicable laws as determined by the Board.

## SECTION J TERMINATION OF SPECIAL TAX

The Annual Special Tax shall be levied for a term of five (5) Fiscal Years after the final maturity of the last series of Bonds, provided that the Annual Special Tax shall not be levied later than Fiscal Year 2060/2061. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board has determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of the District have been acquired and all reimbursements have been paid, and (iii) all other obligations of the District have been satisfied.

## SECTION K EXEMPTIONS

The Administrator shall classify as Exempt Property in the chronological order in which each Assessor Parcel becomes (i) owned by the State of California, federal or other local government(s), (ii) used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) owned by a homeowners' association, (iv) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, or (v) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than 20.2081 ("Minimum Taxable Acreage").

Notwithstanding the above, the Administrator or Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will be classified as Provisional Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION L APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Administrator to be received by the Administrator not later than six (6) months after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a building permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Annual Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Annual Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Administrator's decision shall indicate.

## **SECTION M MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the District may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

## EXHIBIT A

### CERTIFICATE TO ADJUST SPECIAL TAX

#### DISTRICT CERTIFICATE

1. Pursuant to Section C of the Rate and Method of Apportionment, Community Facilities District No. 2017-2 ("District") of the Lake Elsinore Unified School District hereby approves a reduction in the Assigned Annual Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property within the District.
  - a. The information in Table 2 relating to the Fiscal Year 2017/2018 Assigned Annual Special Tax for Developed Property within the District shall be modified as follows:

**Table 2**  
**Assigned Annual Special Taxes for  
Developed Property**

Land Use Class	Building Square Footage	Assigned Annual Special Tax Rate
1	<2,400 sq. ft.	\$____.____ per Unit
2	2,401 – 2,600 sq. ft.	\$____.____ per Unit
3	2,601 – 2,800 sq. ft.	\$____.____ per Unit
4	2,801 – 3,000 sq. ft.	\$____.____ per Unit
5	3,001 – 3,200 sq. ft.	\$____.____ per Unit
6	>3,200 sq. ft.	\$____.____ per Unit

- b. The Fiscal Year 2017/2018 Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, and Provisional Undeveloped Property, as adjusted annually, pursuant to Section D.2 of the RMA shall be \$[\_\_\_\_\_] per acre.

Date: \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_

Administrator

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## APPENDIX C

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### SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

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#### COMMUNITY FACILITIES DISTRICT NO. 2017-2 OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT SERIES 2024 SPECIAL TAX BONDS

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*The following is a brief summary of certain provisions of the Fiscal Agent Agreement, relative to the above-referenced Series 2024 Special Tax Bonds. This summary is not intended to be definitive and is qualified in its entirety by reference to such Fiscal Agent Agreement for the complete terms thereof. Copies of the Fiscal Agent Agreement are available upon request from the Lake Elsinore Unified School District.*

#### **DEFINITIONS**

The following are summaries of definitions of certain terms used in this Summary. All capitalized terms not defined therein or elsewhere in the Official Statement have the meaning(s) set forth in the Fiscal Agent Agreement.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311, et seq., of the Government Code.

“Administrative Expense Fund” means the fund of that name established under and held by the Fiscal Agent pursuant to the provisions of the Fiscal Agent Agreement.

“Administrative Expense Requirement” means an amount up to a maximum of \$30,000 per Fiscal Year, which amount shall escalate at 2.00% per Fiscal Year beginning in Fiscal Year 2024-25.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes and any other costs related to the Series 2024 Special Tax Bonds and the Fiscal Agent Agreement, including the fees and expenses of the Fiscal Agent and any Persons, parties, consultants or attorneys employed pursuant to the provisions of the Fiscal Agent Agreement, costs and legal expenses of foreclosure actions undertaken pursuant to the terms of the Fiscal Agent Agreement to the extent not recovered pursuant to statutory authorization, costs otherwise incurred by the District in order to carry out the authorized purposes of the Series 2024 Special Tax Bonds, including statutory disclosure for the District’s continuing disclosure obligations and reporting requirements and for “Administrative Expenses” as defined in the Rate and Method.

“Annual Debt Service” means, with respect to any Outstanding Series 2024 Special Tax Bonds, for each Bond Year, the sum of (a) the interest payable on such Series 2024 Special Tax



Bonds in such Bond Year, and (b) the principal amount of the Outstanding Series 2024 Special Tax Bonds scheduled to be paid in such Bond Year.

“Authorized Investments” means, subject to the provisions of the Fiscal Agent Agreement, any of the following investments, if and to the extent the same are at the time legal for investment of the School District’s funds:

(a) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States of America are pledged for the payment of principal and interest, and which have a maximum term to maturity not to exceed three years.

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, and which have a maximum term to maturity not to exceed three years, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA’s)
- Federal Housing Administration
- Federal Financing Bank

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America, and which have a maximum term to maturity not to exceed three years:

- Senior debt obligations rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

(d) Registered state warrants or treasury notes or bonds of the State of California (“State”), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by Moody’s or Standard & Poor’s.

(e) Registered bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, where the interest on such local agency obligation is exempt from federal and State income taxes and which are rated in one of the two highest short-term or long-term rating categories by Moody’s or Standard & Poor’s.

(f) Deposit accounts, time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, which may include the Fiscal Agent or its affiliates, or a state or federal savings and loan association; provided, that the certificates of deposit shall be one or more of the following:

- (1) Continuously and fully insured by the Federal Deposit Insurance Corporation.
- (2) Continuously and fully secured by securities described in clause (a) or (b) above which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than one hundred two percent (102%) of the principal amount of the certificates on deposit.

(g) Commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by Moody’s and Standard & Poor’s, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an “A2” or “A” or higher rating for the issuer’s debentures, other than commercial paper, by Moody’s and Standard & Poor’s, provided that purchases of eligible commercial paper may not exceed 180 days’ maturity nor represent more than ten percent (10%) of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed twenty percent (20%) of the proceeds of the Bonds.

(h) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, the long term debt of which is rated at least “A2” or “A” by Moody’s and Standard & Poor’s, provided that all of the following conditions are satisfied:

- (1)
  - (A) The agreement is secured by any one or more of the securities described in clause (a) above of this definition of Authorized Investments (“Underlying Securities”);
  - (B) The Underlying Securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the District of the repurchase agreement (“Holder of Collateral”) and the Underlying Securities have been transferred to the Holder of Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books); and
  - (C) The Underlying Securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than one hundred three percent (103%) of the amount so invested and at such levels and additional conditions not otherwise in conflict with the terms above as would be acceptable to Standard

& Poor's and Moody's to maintain an "A2" or "A" rating in an "A2" or "A" rated structured financing (with a market value approach).

- (2) The repurchase agreement shall provide that if during its term the provider's rating by Moody's and Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must within ten (10) days of receipt of direction from the Fiscal Agent, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Fiscal Agent.

(i) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution, the long-term unsecured obligations of which are rated "AA" or "Aa1" or better by Moody's and Standard & Poor's at the time of initial investment ("Provider"). The investment agreement shall be subject to a downgrade provision with at least the following requirements:

- (1) If within five Business Days after the Provider's long-term unsecured credit rating has been reduced below "AA-" by Standard & Poor's or below "Aa3" by Moody's (these events are called "Rating Downgrades"), the Provider shall give notice to the Fiscal Agent and the District and, within the five-day period, and for as long as the Rating Downgrade is in effect, shall deliver or transfer in the name of the District to the Fiscal Agent, or a third party acceptable to the District, acting solely as agent therefore (the "Holder of Collateral") (other than by means of entries on the Provider's books) federal securities allowed as investments under clause (a) above with aggregate current market value equal to at least one hundred five percent (105%) of the principal amount of the investment agreement invested with the Provider at that time, and shall deliver additional such federal securities as needed to maintain an aggregate current market value equal to at least one hundred five percent (105%) of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly.
- (2) If the Provider's long-term unsecured credit rating is withdrawn, suspended, other than because of general withdrawal or suspension by Moody's or Standard & Poor's from the practice of rating that debt, or reduced below "Aa3" by Moody's or below "AA-" by Standard & Poor's, the Provider shall give notice of the rating downgrade to the District and the Fiscal Agent, and shall, within five Business Days' of such withdrawal, suspension or reduction, repay the investment agreement, with accrued but unpaid interest thereon to the date of such payment, and terminate such agreement.

(j) A taxable or tax-exempt government money market portfolio mutual fund restricted to obligations with either maturities of one year or less or a dollar weighted average maturity of 120 days or less, and either issued, guaranteed or collateralized as to payment of principal and interest by the full faith and credit of the United States of America or rated in one of the three highest categories by Moody's or Standard & Poor's. Such money market funds may include

funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services.

(k) The Local Agency Investment Fund referred to in Section 16429.1 of the Government Code of the State of California, to the extent the Fiscal Agent may deposit and withdraw funds directly.

(l) The Riverside County Investment Pool, provided the District may statutorily invest funds in such Investment Pool.

(m) The California Asset Management Program (CAMP).

“Authorized Representative(s)” or “District Representative(s)” means an officer(s) of the School District authorized to provide written directives on behalf of the District, which shall include the School District’s Superintendent, Chief Business Official, and Assistant Superintendent, Facilities & Operations, and such other Persons as shall be designated in writing by the School District.

“Board” or “Governing Board” means the Governing Board (Board of Trustees) of the Lake Elsinore Unified School District.

“Bond Counsel” means (a) the firm of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, or (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

“Bond Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Bond Register” means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Series 2024 Special Tax Bonds shall be recorded.

“Bond Year” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Dated Date to September 1, 2024, both dates inclusive.

“Bondowner(s)” or “Owner(s)” means the Person or Persons in whose name or names any Series 2024 Special Tax Bond is registered.

“Bonds” or “Series 2024 Special Tax Bonds” means the Outstanding Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District Series 2024 Special Tax Bonds issued pursuant to the terms of the Fiscal Agent Agreement and any Supplement(s) to the Fiscal Agent Agreement.

“Business Day” means a day which is not a Saturday or a Sunday or a day on which banks in Los Angeles, California, St. Paul, Minnesota and New York, New York are not required or permitted to be closed.

“Capitalized Interest Subaccount” means that subaccount of the Interest Account of the Bond Fund established under and held by the Fiscal Agent pursuant to the provisions of the Fiscal Agent Agreement.

“City” means the City of Wildomar, a California general law city.

“City Facilities” means the acquisition, purchase, construction, expansion, improvement, or rehabilitation of public improvements that are owned, operated or maintained by the City, including, without limitation, streets, trails, intersection improvements, traffic signals, medians, parks, civic facilities and drainage improvements and include all direct and incidental expenses related thereto such as site acquisition, planning, design, engineering, environmental review(s), legal services, materials testing, coordination, surveying, construction staking, construction management, consulting services, inspection and any and all appurtenant facilities and appurtenant work related to the foregoing as further described in the City Facilities Agreement.

“City Facilities Account” means the account of that name established under, and held by the Fiscal Agent pursuant to the provisions of the Fiscal Agent Agreement.

“City Facilities Agreement” means that Joint Community Facilities Agreement, dated as of December 15, 2021, between the School District, the City and the Developer, and as it may be further amended from time to time.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

“Completion Date” means the date on which the Project is completed and all Project Costs have been paid as evidenced by a certificate to that effect delivered to the Fiscal Agent by the District.

“Construction Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, issuance and sale of the Bonds, which items of expense shall include, but not be limited to, costs of formation of CFD No. 2017-2, printing costs, cost of reproducing and binding documents, closing costs, appraisal costs, mortgage study costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the authorization and issuance of the Bonds and the establishment of the District, contractual reimbursements due from CFD No. 2017-2, legal fees and charges, including Bond Counsel and Disclosure Counsel, District financial consultants’ fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“County” means the County of Riverside, a political subdivision of the State of California.

“Dated Date” or “Delivery Date” means the date the Series 2024 Special Tax Bonds are delivered.

“Depository” means any depository which holds any Bonds pursuant to the terms of the Fiscal Agent Agreement, initially The Depository Trust Company (“DTC”).

“Developed Property” shall have the same meaning as set forth in the Rate and Method.

“Developer(s)” means those parties which have developed, or are developing, the property within the District as identified under the terms of the Funding Agreement.

“Dissemination Agent” means KeyAnalytics, or any successor dissemination agent appointed by the District pursuant to the terms of the District’s Continuing Disclosure Certificate.

“District” or “CFD No. 2017-2” means Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District.

“District Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate entered into by the District, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“EVMWD” or “Water District” means the Elsinore Valley Water District.

“EVMWD Facilities” means public water and sewer facilities to be owned by EVMWD, exclusive of previously tax-exempt financed facilities, as such public facilities are described in the EVMWD Facilities Agreement. EVMWD Facilities include, but are not limited to water and sewer transmission pipelines, sewer treatment plants, disposal ponds, pumping plants, lift stations, and water reservoirs, including all costs of site acquisition, planning, design, engineering, legal services, materials testing, coordination, surveying, construction, staking construction, inspection and any and all appurtenant meters facilities and appurtenant work relating to the foregoing

“EVMWD Facilities Account” means the account of that name established under, and held by the Fiscal Agent pursuant to the provisions of the Fiscal Agent Agreement.

“EVMWD Facilities Agreement” means the Joint Community Facilities Agreement, dated as of August 10, 2017, between the School District, the City and the Developer and as it may be further amended from time to time.

“Excess Investment Earnings” shall mean an amount equal to the sum of:

(i) the excess of

(A) the aggregate amount earned from the Delivery Date on all Nonpurpose Investments in which Gross Proceeds are invested (other than amounts attributable to an excess described in this subparagraph (i)), over

(B) the amount that would have been earned if the yield on such Nonpurpose

Investments (other than amounts attributable to an excess described in this subparagraph (i)) had been equal to the Yield on the Series 2024 Special Tax Bonds,

plus

(ii) any income attributable to the excess described in paragraph (i).

In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and annual debt service on the Series 2024 Special Tax Bonds during each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of one year's earnings on such fund or account or one-twelfth (1/12) of annual debt service on the Series 2024 Special Tax Bonds, as well as amounts earned on said earnings. The District intends that the Bond Fund, including the Principal Account and the Interest Account established therein, the Special Tax Fund and the Redemption Fund will be the type of funds described in the preceding sentence.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (i) direct general obligations of the United States of America (including State and Local Government Series and obligations issued or held in book-entry form on the books of the United States Department of the Treasury) and, (ii) obligations, the payment of principal of and interest on which are fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons.

"Fiscal Agent" means Zions Bancorporation, National Association, and its successors and assigns, or any other fiscal agent which may be appointed pursuant to the provisions of the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means that certain agreement, of the same name, dated as of February 1, 2024, entered into by and between the District and the Fiscal Agent providing for certain terms and conditions concerning the Series 2024 Special Tax Bonds and related matters.

"Fiscal Year" means the period from July 1 to June 30 in any year.

"Funding Agreement" means that School Facilities Funding and Mitigation Agreement entered into by and between the School District and the Developer, dated June 14, 2017, and as such may be amended or assigned (in full or in part) from time to time.

"Gross Taxes" means the amount of all Special Taxes collected within Community Facilities District No. 2017-2 as set out in the Rate and Method and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Fiscal Agent Agreement for the delinquency of such Special Taxes.

"Independent Financial Consultant" means a consultant or firm of such consultants generally recognized to be qualified in the field of implementation and administration of

community facilities districts, or the financial consulting field, appointed and paid by the District or the School District and who, or each of whom:

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

“Informational Services” means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (EMMA) system, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a written request of the District delivered to the Fiscal Agent.

“Interest Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Interest Payment Date” means March 1 and September 1 of each year during which Series 2024 Special Tax Bonds are Outstanding, commencing September 1, 2024.

“Legislative Body” or “Legislative Body of CFD No. 2017-2” means the District Board, acting as the Legislative Body of the District.

“Mandatory Redemption Account” means the account of that name within the Redemption Fund established under, and held by the Fiscal Agent pursuant to, the terms of the Fiscal Agent Agreement.

“Mandatory Sinking Payments” means the amounts to be applied to the redemption of the Term Bond(s) in accordance with the schedule set forth in the Fiscal Agent Agreement and any subsequent schedule set forth in any Supplement.

“Maximum Annual Debt Service” means the maximum sum obtained for any remaining Bond Year prior to the final maturity on the Bonds by totaling the following for each Bond Year:

- (1) the principal amount of all Outstanding Series 2024 Special Tax Bonds payable in such Bond Year whether at maturity or by redemption, together with any applicable premium thereon, if any premium is payable; and
- (2) the interest payable on the aggregate principal amount of Series 2024 Special Tax Bonds Outstanding in such Bond Year assuming the Series 2024 Special Tax Bonds are retired as scheduled.



“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Net Taxes” means the amount of all Gross Taxes minus Administrative Expenses up to the Administrative Expense Requirement.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the provisions of the Fiscal Agent Agreement.

“Optional Redemption Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Ordinance” means, Ordinance No. 2017-03, adopted on September 14, 2017, and as such Ordinance may be supplemented or amended in the future pursuant to the provisions of the Act and related State law.

“Outstanding” means all Series 2024 Special Tax Bonds theretofore issued by the District, except:

- (1) Series 2024 Special Tax Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;
- (2) Series 2024 Special Tax Bonds for the transfer or exchange of or in lieu of or in substitution for which other Series 2024 Special Tax Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to the provisions of the Fiscal Agent Agreement; and
- (3) Series 2024 Special Tax Bonds paid and discharged pursuant to the provisions of the Fiscal Agent Agreement.

“Participating Underwriter” means the initial Underwriter of the Series 2024 Special Tax Bonds (Stifel, Nicolaus & Company, Incorporated).

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

“Prepaid Special Taxes” means all Special Taxes prepaid to the District pursuant to Resolution No. 2017-18-001 of the School District and the Rate and Method, during the term of the Fiscal Agent Agreement, less related applicable Administrative Expenses.

“Prepayment Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Principal Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Principal Corporate Trust Office” means the corporate trust office of the Fiscal Agent, which, at the date of execution of this Fiscal Agent Agreement, is located at 550 S. Hope Street, Suite 2875, Los Angeles, CA 90071, or such other office(s) as the Fiscal Agent may designate from time to time; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency or operations business shall be conducted.

“Project” means the “Facilities,” or any portion thereof, as defined in the Resolution of Formation, and the Community Facilities District Report, dated August 3, 2017, to be designed, constructed, acquired, financed, installed or completed by the District, the School District, the City, EVMWD or the Developer, as applicable.

“Project Costs” means the costs of design, acquisition, financing, construction and installation of the Project and all costs related thereto. Project Costs may include the payment, or prepayment, of lease payments necessary for the acquisition of all or part of the Project.

“Rate and Method” means the Rate and Method of Apportionment of Special Taxes of the District, as set forth in Ordinance No. 2017-03 and as approved pursuant to the Act, and as such may be amended or interpreted from time to time.

“Rebate Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Record Date” means the 15th day of the calendar month preceding an Interest Payment Date whether or not such day is a Business Day.

“Redemption Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Regulations” means any temporary, proposed or final regulations of the United States Department of Treasury with respect to obligations issued pursuant to Section 103 and Sections 141 to 150 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District to the Depository as described in the Fiscal Agent Agreement.

“Reserve Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the terms of the Fiscal Agent Agreement.

“Reserve Requirement” means, with respect to the Series 2024 Special Tax Bonds, an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Series 2024 Special Tax Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service on the Series 2024 Special Tax Bonds, or (iii) 125% of average annual debt service on the Series 2024 Special Tax Bonds.

“Residual Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the terms of the Fiscal Agent Agreement.

“Resolution of Issuance” means Resolution No. 2023-24-044 of the District adopted by the Legislative Body, dated January 18, 2024, authorizing the issuance of the Series 2024 Special Tax Bonds and approving the Fiscal Agent Agreement.

“Responsible Officer” of the Fiscal Agent means any officer within the corporate trust department of the Fiscal Agent, including the president, every senior vice president, every vice president, every assistant vice president, every assistant treasurer, every trust officer or any other authorized officer of the Fiscal Agent who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Fiscal Agent Agreement, at its Principal Corporate Trust Office.

“School District” means the Lake Elsinore Unified School District.

“School Facilities” means facilities, projects and project costs for facilities to be owned and operated by the School District which are otherwise included under the definition of Project under the terms of the Fiscal Agent Agreement.

“School Facilities Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Securities Depository(ies)” means The Depository Trust Company (DTC) at its then-current address; and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the School District may designate in a certificate delivered to the Fiscal Agent.

“Sinking Fund Payment” means the annual sinking fund payment to be deposited in the Sinking Fund Redemption Account of the Redemption Fund to redeem a portion of the Term Bonds.

“Sinking Fund Redemption Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the terms of the Fiscal Agent Agreement.

“Special Tax Fund” means the fund of that name established under, and held by the Fiscal Agent pursuant to, the provisions of the Fiscal Agent Agreement.

“Special Taxes” means the Special Taxes levied within the District by the Legislative Body pursuant to the Act, the Rate and Method, the Resolution of Formation, the Ordinance, and the voter approvals obtained at the Election.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be

deemed to refer to any other nationally recognized securities rating agency selected by the School District.

“State” means the State of California.

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

“Tax Certificate” means the certificate of substantially that name to be executed by an authorized representative of the District on the closing date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Term Bond(s)” or “Series 2024 Term Bonds” means the Series 2024 Special Tax Bonds maturing on September 1, 2039, September 1, 2044, September 1, 2049 and September 1, 2054.

“Underwriter” means the Underwriter of the Series 2024 Special Tax Bonds (Stifel, Nicolaus & Company, Incorporated.).

“Undeveloped Property” shall have the same meaning set forth in the Rate and Method and set forth in the Ordinance.

“Yield” means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 2024 Special Tax Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Series 2024 Special Tax Bonds, as the case may be, all computed as prescribed in the applicable Regulations.

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## **ISSUANCE OF THE SERIES 2024 SPECIAL TAX BONDS**

The Series 2024 Special Tax Bonds are issued pursuant to the Resolution of Issuance, the Act and the Fiscal Agent Agreement in the amounts and maturities set forth in the Fiscal Agent Agreement (see “INTRODUCTION,” “THE BONDS – General Bond Terms” and “DEBT SERVICE SCHEDULE” in the Official Statement for further information).

### **Purpose of the Bonds**

The Series 2024 Special Tax Bonds are being issued, pursuant to the Act, to (i) finance School Facilities for the School District, (ii) finance, directly or indirectly, the acquisition and construction of certain water and water/wastewater facilities (the EVMWD Facilities) owned by EVMWD, (iii) and finance, directly or indirectly, the acquisition and construction of certain municipal facilities (the City Facilities) owned by the city (iv) fund a Reserve Fund for the Series 2024 Special Tax Bonds, (v) fund capitalized interest on the Series 2024 Special Tax Bonds for a limited period of time, and (vi) pay certain Costs of Issuance. See “INTRODUCTION” “FINANCING PLAN - Estimated Sources and Uses of Funds” and “ – Facilities Funding Plan” in the Official Statement for further information.

### **Limited Obligation**

The Series 2024 Special Tax Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds and accounts created pursuant to the Fiscal Agent Agreement as specified therein. The Net Taxes are pledged and set aside for the payment of the Series 2024 Special Tax Bonds pursuant to the terms of the Fiscal Agent Agreement.

The Series 2024 Special Tax Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Net Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Series 2024 Special Tax Bonds or interest thereon, and no Owner of the Series 2024 Special Tax Bonds may compel the exercise of the taxing power by the District (except with respect to the Net Taxes) or the School District or the forfeiture of any of their property. The principal of and interest on the Series 2024 Special Tax Bonds, and premiums, if any, upon the redemption of any thereof, are not a debt of the District or the School District, the State of California nor any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Series 2024 Special Tax Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, pledged and set aside for the payment of the Series 2024 Special Tax Bonds and interest thereon. Neither the members of the Legislative Body or the Board nor any Persons executing the Series 2024 Special Tax Bonds are personally liable on the Series 2024 Special Tax Bonds by reason of their issuance (see “INTRODUCTION,” “THE BONDS – General Bond Terms,” “BOND OWNERS’ RISKS – Limited Obligation of the Community Facility District to Pay Debt Service” and “ – Payment of Special Tax is not a Personal Obligation of the Property Owners” in the Official Statement for further information).

### **Equality of Bonds, Pledge of Net Taxes.**

Pursuant to the Act and the Fiscal Agent Agreement, the Series 2024 Special Tax Bonds shall be equally payable from the Net Taxes without priority for number, date of the Series 2024 Special Tax Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Series 2024 Special Tax Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created under the Fiscal Agent Agreement as specified therein. All of the Net Taxes are hereby pledged and set aside for the payment of the Series 2024 Special Tax Bonds, and such Net Taxes and any interest earned on the Net Taxes shall constitute a trust fund for the payment of the interest on and principal of the Series 2024 Special Tax Bonds and so long as any of the Series 2024 Special Tax Bonds or interest thereon are unpaid, the Net Taxes and interest thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement or any Supplement, and shall be held for the benefit of the Bondowners and shall be applied pursuant to the Fiscal Agent Agreement, or to the Fiscal Agent Agreement as modified pursuant to provisions therein. Notwithstanding any provision contained in the Fiscal Agent Agreement to the contrary, Net Taxes deposited in the Administrative Expense Fund, the Construction Fund (and its accounts), the Residual Fund and the Rebate Fund shall no longer be considered to be pledged to the Series 2024 Special Tax Bonds and the Administrative Expense Fund, the Residual Fund and the Rebate Fund shall not be construed as trust funds held for the benefit of the Bondowners.

In the event that the Fiscal Agent lacks sufficient amounts to make timely payment of principal and interest and premium upon redemption, if any, on the Series 2024 Special Tax Bonds when due, such principal of and interest and premium on the Bonds shall be paid from available amounts held by the Fiscal Agent in the Special Tax Fund (and its accounts), Bond Fund, Reserve Fund or Redemption Fund under the Fiscal Agent Agreement (not including those amounts deposited in the Construction Fund (and its accounts), the Administrative Expense Fund, the Residual Fund and the Rebate Fund) in accordance with such terms without preference or priority of interest over principal or principal over interest, or of any installment of principal or interest over any other installment of principal or interest, ratably to the aggregate amount of such principal and interest (see “SECURITY FOR THE BONDS” in the Official Statement for further information).

Nothing in the Fiscal Agent Agreement, or any Supplement, shall preclude the redemption of any Series 2024 Special Tax Bonds subject to call and redemption prior to maturity and payment of the Series 2024 Special Tax Bonds from proceeds of refunding bonds issued under the Act, as the same now exists or is later amended, or under any other law of the State.

### **Funds and Accounts**

The Fiscal Agent Agreement creates specified funds, accounts and subaccounts to be maintained by the Fiscal Agent for specified purposes:

**Special Tax Fund** - The Special Taxes (exclusive of Prepaid Special Taxes) and other amounts constituting Gross Taxes collected by the District shall be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent and shall be held in the Special Tax Fund for the benefit of the District and the Bondowners (exclusive of the Administrative Expense Requirement) and shall be transferred from the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund, an amount equal to the Administrative Expense Requirement.

(b) To the Interest Account of the Bond Fund, an amount such that the balance in the Interest Account two Business Days prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Bonds during the current Bond Year (as further set out in the Fiscal Agent Agreement).

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Term Bonds, if any, during the current Bond Year.

(e) To the Reserve Fund, the amount, if any, necessary to replenish the Reserve Fund to the Reserve Requirement.

(f) To the extent that Administrative Expenses are not fully satisfied in (a) above, to the Administrative Expense Fund in the amount(s) required to bring the balance therein to the amount identified by the District to the Fiscal Agent to meet such additional Administrative Expenses (over and above the Administrative Expense Requirement) in the coming Fiscal Year, or Administrative Expenses from a prior Fiscal Year which remain unpaid.

(g) To the Redemption Fund, the amount, if any, that the District directs the Fiscal Agent to deposit pursuant to the provisions of the Fiscal Agent Agreement.

(h) Any remaining Special Taxes and other amounts constituting Net Taxes shall remain in the Special Tax Fund subject to the provisions of (i), below.

(i) Any remaining Special Taxes and other amounts constituting Net Taxes, if any, shall remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Series 2024 Special Tax Bonds (including payment of Mandatory Sinking Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall, without further action by any party, be transferred by the Fiscal Agent on September 2 of each such year into the Residual Fund, which funds shall thereafter be used in accordance with the Fiscal Agent Agreement and shall be free and clear of any lien thereon. The Fiscal Agent shall promptly confirm the amount of such transfer(s) into the Residual Fund in writing to the District. **Moneys deposited into, or held within, the Residual Fund are not pledged to the payment of principal, interest or premiums on the Series 2024 Special Tax Bonds.** Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond and after all principal and interest then due on any Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, moneys in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the Special Tax Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement. Investment earnings on amounts in the Special Tax Fund, if any, shall be retained therein (see “SECURITY FOR THE BONDS - Special Tax Fund” in the Official Statement for further information).

Prepayment Account of the Special Tax Fund. Prepaid Special Taxes collected by the District (net of any costs of collection) shall be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent; and the District shall direct the Fiscal Agent to deposit the Prepaid Special Taxes into the Prepayment Account of the Special Tax Fund. The Prepaid Special Taxes shall be held in the Prepayment Account for the benefit of the Series 2024 Special Tax Bonds and shall be transferred by the Fiscal Agent to the Mandatory Redemption Account of the Redemption Fund to call Series 2024 Special Tax Bonds on the next Interest Payment Date for which notice can be given in accordance with the special mandatory redemption provisions as set forth in the Fiscal Agent Agreement. The Prepaid Special Taxes shall be transferred to the Mandatory Redemption Account and applied to redeem Outstanding Series 2024 Special Tax Bonds on the basis set out in the Fiscal Agent Agreement. Moneys representing the Prepaid Special Taxes shall be invested in accordance with the terms of the Fiscal Agent Agreement. Investment earnings on amounts in the Prepayment Account not needed to redeem the Outstanding Series 2024 Special Tax Bonds pursuant to special mandatory redemption provisions of the Fiscal Agent Agreement shall be transferred to the Special Tax Fund by the Fiscal Agent at the time of transfer of the Prepaid Special Taxes to the Mandatory Redemption Account of the Redemption Fund. (see “THE BONDS – Redemption” in the Official Statement).

Administrative Expense Fund - Upon receipt of Gross Taxes the Fiscal Agent, upon direction of the District, shall transfer from the Special Tax Fund to the Administrative Expense Fund, from time to time, the Administrative Expense Requirement, and any amount(s) that the District has determined and of which the District has notified the Fiscal Agent of pursuant to the provisions of the Fiscal Agent Agreement. The Administrative Expense Requirement, and the deposit of funds into the Administrative Expense Fund, shall be subject to the provisions and restrictions set forth in the Fiscal Agent Agreement. Upon receipt of a duly executed payment request provided for under the provisions of the Fiscal Agent Agreement, the Fiscal Agent shall pay Administrative Expenses from amounts in the Administrative Expense Fund, directly to the contractor or such other Person, corporation or entity designated as the payee on such form, which payee may include the District, or School District, or shall reimburse the District, or School District, for Administrative Expenses paid by the District, or School District, as applicable, from such amounts. Moneys in the Administrative Expense Fund shall not be construed as a trust fund for the benefit of the Bondowners and are not pledged for payment of the principal of, or interest or premium on, the Bonds, and are not subject to any Bondowners’ lien.

Bond Fund - The Bond Fund (in which there is established an Interest Account and a Principal Account), is used to disperse payments of principal and interest to the Bondowners on each respective Interest Payment Date. Two Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund, or the Reserve Fund in the event that sufficient moneys are unavailable in the Special Tax Fund, and deposit in the Principal Account



and the Interest Account of the Bond Fund an amount equal to one-half of the principal maturing on the next September 1 and all interest coming due and payable on the Bonds on the ensuing Interest Payment Date, as applicable, less amounts on hand in the Bond Fund available to pay principal at maturity and/or interest on such Bonds. Moneys in the Interest Account are allocated to the payment of interest due on the Bonds on each Interest Payment Date and moneys in the Principal Account are allocated to the repayment of principal on the Bonds on the corresponding Interest Payment Date (see “SECURITY FOR THE BONDS - Bond Fund” in the Official Statement for further information).

Reserve Fund - There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Series 2024 Special Tax Bonds, the Reserve Requirement for the Series 2024 Special Tax Bonds shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds in excess of such predetermined Reserve Requirement for the Series 2024 Special Tax Bonds shall be utilized as set forth in the Fiscal Agent Agreement.

Except as set out in the Fiscal Agent Agreement concerning certain investment earnings, moneys in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Interest Account and/or Principal Account of the Bond Fund or the Sinking Fund Redemption Account of the Redemption Fund to pay the principal of, and interest and premium, as applicable, on the Series 2024 Special Tax Bonds when due to the extent that moneys in the Interest Account and the Principal Account of the Bond Fund or Sinking Fund Redemption Account of the Redemption Fund are insufficient therefor; (ii) making any required transfer to the Rebate Fund pursuant to the provisions of the Fiscal Agent Agreement upon written direction from the District; (iii) paying the principal and interest due on the Bonds in the final Bond Year; and (iv) application to the defeasance of such Series 2024 Special Tax Bonds in accordance with the terms of the Fiscal Agent Agreement. If the amounts in the Interest Account or the Principal Account of the Bond Fund or Sinking Fund Redemption Account of the Redemption Fund, as provided for in the Fiscal Agent Agreement, are insufficient to pay the principal of, or interest on the Series 2024 Special Tax Bonds when due, the Fiscal Agent shall, two Business Days prior to the corresponding Interest Payment Date, withdraw from the Reserve Fund for deposit in the Interest Account and/or the Principal Account of the Bond Fund or Sinking Fund Redemption Account of the Redemption Fund, moneys necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund or Sinking Fund Redemption Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Funds held in the Reserve Fund shall be invested in accordance with the terms of the Fiscal Agent Agreement. Any moneys in the Reserve Fund, if any, in excess of the corresponding Reserve Requirement shall be withdrawn by the Fiscal Agent two (2) Business Days prior to each Interest Payment Date and deposited into the Interest Account of the Bond Fund. The Fiscal Agent shall transfer to the Rebate Fund Excess Investment Earnings from the Reserve Fund earnings upon written direction of the District pursuant to the provisions of the Fiscal Agent Agreement.

Notwithstanding anything in the Fiscal Agent Agreement to the contrary, the Fiscal Agent shall transfer to the Reserve Fund, from available moneys in the Special Tax Fund, the amount

needed to restore the Reserve Fund to the Reserve Requirement as specified in the Fiscal Agent Agreement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Fund only if such amounts will not be needed to make the deposit required to be made to the Interest Account and the Principal Account of the Bond Fund for the next Interest Payment Date.

(See “SECURITY FOR THE BONDS - Reserve Fund” in the Official Statement and “**Funds and Accounts** - Special Tax Fund” above for more information).

**Redemption Fund** - The Redemption Fund is established pursuant to the provisions of the Fiscal Agent Agreement and includes the Sinking Fund Redemption Account, an Optional Redemption Account (as and when necessary) and a Mandatory Redemption Account (as and when necessary). Each of the redemption accounts is used for the temporary retention of moneys allocated to the redemption of Series 2024 Special Tax Bonds corresponding to that account. Moneys in each such account shall be applied solely for such redemption purpose (see “THE BONDS - Redemption” in the Official Statement).

**Construction Fund** - The Fiscal Agent Agreement establishes the Construction Fund, in which there are established the School Facilities Account, the EVMWD Facilities Account, the City Facilities Account and the Costs of Issuance Account. Funds deposited in the Construction Fund, and the accounts therein, are not pledged to the payment of principal or interest on the Series 2024 Special Tax Bonds.

A portion of the proceeds of the Series 2024 Special Tax Bonds will be deposited into the School Facilities Account, into the EVMWD Facilities Account, into the City Facilities Account and into the Costs of Issuance Account (see “FINANCING PLAN” in the Official Statement for further information).

Moneys in the School Facilities Account, together with interest earnings thereon, will be utilized to pay for Project Costs relating to the acquisition and construction of School Facilities as set forth in the Fiscal Agent Agreement (see “FINANCING PLAN” in the Official Statement for further information).

Moneys in the City Facilities Account and the EVMWD Facilities Account (and any subaccounts thereof) of the Construction Fund, or other facilities accounts of the Construction Fund as may be established, shall be invested in Authorized Investments which will by their terms mature as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from such account or subaccount;

Upon the Completion Date, funds held in the School Facilities Account, EVMWD Facilities Account and the City Facilities Account of the Construction Fund will be utilized as set out in the Fiscal Agent Agreement and such accounts shall thereafter be closed by the Fiscal Agent.

Moneys deposited into the Costs of Issuance Account will be expended at the direction of the District for payment of Costs of Issuance as further set forth in the Fiscal Agent Agreement.

**Rebate Fund** - The Fiscal Agent Agreement provides for the creation of the Rebate Fund when and as required to make arbitrage rebate payments as required under the terms of the Fiscal Agent Agreement and the Tax Certificate in order to comply with the requirements of the Code

and the Regulations. Funds deposited into the Rebate Fund are not available to pay principal and interest on the Series 2024 Special Tax Bonds.

Residual Fund - The Residual Fund shall be funded from remaining Special Taxes transferred to the Residual Fund from the Special Tax Fund pursuant to the provisions of the Fiscal Agent Agreement.

Moneys in the Residual Fund may be used by the District for (i) acquisition and/or construction of School Facilities; (ii) to pay for Administrative Expenses; (iii) at the option of the District, for the optional redemption of any of the Bonds under Section 4.01(a) of this Fiscal Agent Agreement; or (iv) any lawful purpose(s) of such funds as set out in the Act. **Moneys on deposit in the Residual Fund are not pledged for payment of the principal of, or interest or premium(s) on, the Bonds, and are not subject to any Bondowner's lien.**

Investment Earnings - Investment earnings on funds held in the Reserve Fund, if any, in excess of the Reserve Requirement shall be transferred to the Interest Account of the Bond Fund on a semi-annual basis as further described in the Fiscal Agent Agreement. Interest income on other funds and accounts as set out in the Fiscal Agent Agreement will be retained in the account or fund in which it is earned and shall be applied for the purpose for which such account or fund was established except as otherwise specified in the Fiscal Agent Agreement. The Fiscal Agent is required to invest and reinvest all moneys held the accounts and funds established under the Fiscal Agent Agreement (in accordance with written directives from a representative of the District) in Authorized Investments and as specified in the Fiscal Agent Agreement (see "SECURITY FOR THE BONDS – Investment of Moneys in Funds" in the Official Statement for further information).

### **Redemption**

The Series 2024 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District on the terms set out in the Fiscal Agent Agreement. The Series 2024 Special Tax Bonds which are Term Bonds shall be redeemed as set out in the Fiscal Agent Agreement. The Series 2024 Special Tax Bonds are further subject to redemption prior to maturity from prepayments of Special Taxes as set out in the Fiscal Agent Agreement. (See "THE BONDS - Redemption" and "BOND OWNERS' RISKS – Potential Early Redemption of Bonds from Prepayments" in the Official Statement for further information).

The Fiscal Agent shall select the Series 2024 Special Tax Bonds subject to redemption in accordance with the terms set out in the Fiscal Agent Agreement (see "THE BONDS - Redemption" in the Official Statement for further information).

### **Covenants**

So long as any of the Series 2024 Special Tax Bonds issued under the Fiscal Agent Agreement are Outstanding and unpaid, the District has made the following covenants with the Owners, under the provisions of the Act and the Fiscal Agent Agreement and all Supplements (to be performed by the District or its authorized officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Series 2024 Special Tax Bonds; provided, however, that such covenants do not require the District to expend any funds or moneys other than

the Net Taxes or any moneys deposited in the funds and accounts created under the terms of the Fiscal Agent Agreement and legally available therefor.

Covenant 1. Punctual Payment. The District will duly and punctually pay, or cause to be paid, the principal of and interest on every Series 2024 Special Tax Bond issued under the Fiscal Agent Agreement, together with the premium thereon, if any be payable, on the date, at the place and in the manner mentioned in the Series 2024 Special Tax Bonds and in accordance with the Fiscal Agent Agreement and any Supplement to the extent Net Taxes are available therefor, and that the payments into the Bond Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Series 2024 Special Tax Bonds and the Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and any Supplement and of the Series 2024 Special Tax Bonds issued under the Fiscal Agent Agreement, and that time of such payment and performance is of the essence of the District's contract with the Bondowners.

Covenant 2. Levy and Collection of Special Taxes. Subject to the maximum Special Tax rates, the District will comply with all requirements of the Act so as to assure the timely collection of the Special Taxes, including, without limitation, the enforcement of delinquent Special Taxes.

On or before each June 1, commencing June 1, 2024, the Fiscal Agent shall provide a written notice to the District stating the amounts then on deposit in the various funds and accounts established by the Fiscal Agent Agreement (which notice may be satisfied through periodic statements provided to the District). The receipt of such notice by the District shall in no way affect the obligations of the District under the following paragraphs. Upon receipt of a copy of such notice, the District shall communicate with the Riverside County Treasurer-Tax Collector or other appropriate official of the County of Riverside to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then-current year.

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

Subject to the maximum authorized Special Tax rates, the District shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year including any necessary replenishment or expenditure of the Reserve Fund for the Bonds, an amount equal to the Administrative Expense Requirement and any additional amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes.

Notwithstanding the provisions of such Covenant 2, or elsewhere in the Fiscal Agent Agreement, the District reserves the right under the terms of the Fiscal Agent Agreement to levy

the Special Taxes at a rate below the Maximum Annual Special Tax rate (as defined in the Rate and Method) within a given Fiscal Year so long as the minimum Special Taxes to be collected in such Fiscal Year shall conform to the requirements set out in Covenant 5, which shall be certified to, in writing, by an Independent Financial Consultant (see “SECURITY FOR THE BONDS – Special Taxes” and “THE COMMUNITY FACILITIES DISTRICT” in the Official Statement for further information.)

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

In order to determine if there are delinquencies with respect to the payment of the Special Taxes, no later than March 1 and July 1 in every year (“reconciliation date”) commencing July 1, 2024, the District shall reconcile or cause to be reconciled the amount of Special Taxes levied to the amount of Special Taxes actually received by the District.

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

(See “THE BONDS – General Bond Terms,” “BOND OWNERS’ RISKS – Levy and Collection of the Special Tax” and “ - Property Tax Delinquencies” in the Official Statement for further information.)

Covenant 3. Commence Foreclosure Proceedings. On or about March 1 and July 1 of each Fiscal Year, the District will compare the amount of Special Taxes theretofore levied in the District to the amount of Special Taxes theretofore received by the District, and:

(A) Individual Delinquencies. If the District determines that (i) any single parcel within the District is delinquent in the payment of five (5) or more installments of the Special Taxes or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of \$5,000 or more, then the District shall send, or cause to be sent, a notice of delinquency (and a demand for immediate payment thereof) to the property owner within forty-five (45) days of such August 1 determination, and (if the delinquency remains uncured) the District shall take action to authorize the commencement of foreclosure proceedings within ninety (90) days of such August 1 determination, to the extent permissible under applicable law, and shall thereafter diligently prosecute such proceedings in Superior Court to the extent permitted by law.

(B) Aggregate Delinquencies. If the District determines that the total amount of delinquent Special Taxes for the current Fiscal Year for the District as it relates to the March 1 determination or for the prior Fiscal Year as it relates to the

August 1 determination for the District (including the total of delinquencies under paragraph (A) above) exceeds five percent (5%) of the total Special Taxes due and payable for the applicable Fiscal Year, the District shall notify, or cause to be notified, all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within forty-five (45) days of such determination, and (to the extent such delinquencies remain uncured) the District shall take action to authorize the commencement of foreclosure proceedings within ninety (90) days of such August 1 determination against each parcel of land within the District with a Special Tax delinquency to the extent permissible under applicable law and shall thereafter diligently proceed with such foreclosure action(s) and/or proceedings in Superior Court to the extent permitted by law.

(C) Limiting Provision. Notwithstanding the foregoing, however, the District shall not be required to order, or take action upon, the commencement of foreclosure proceedings under subsections (A) and/or (B), above, if such delinquencies, if not remedied, will not result in a draw on the Reserve Fund such that the Reserve Fund will fall below the Reserve Requirement and no draw has been made on the Reserve Fund, which has not been restored, such that the Reserve Fund shall be funded to at least the Reserve Requirement. The foregoing sentence shall not affect the requirement(s) for notices of delinquencies as provided for in subsection (A) above.

(D) Additional Limitations. Notwithstanding any of the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel in relation to the cost of appropriate foreclosure proceedings may be such that the costs do not warrant the foreclosure proceedings costs. In such cases, foreclosure proceedings may be delayed by the District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the cost of such foreclosure proceedings.

The net proceeds received following a judicial foreclosure sale of land within the District resulting from a property owner's failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Series 2024 Special Tax Bonds under the Fiscal Agent Agreement.

The District reserves the right to elect to accept payment from a property owner of at least the enrolled amount of the Special Taxes for a parcel(s) but less than the full amount of the penalties, interest, costs and attorneys' fees related to the Special Tax delinquency for such parcel(s). The Bondowners are deemed to have consented to the foregoing reserved right of the District, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the Fiscal Agent Agreement to the contrary. The Bondowners, by their acceptance of the Series 2024 Special Tax Bonds, hereby consent to such payment for such lesser amounts.

Further, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the Fiscal Agent Agreement to the contrary, in connection with any judicial foreclosure proceeding related to delinquent Special Taxes:

(i) The District is hereby expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act, or such lesser amount as determined under clause (ii) below or otherwise under Section 53356.6 of the Act.

(ii) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act, if it determines that such sale is in the interest of the Bondowners. **The Bondowners, by their acceptance of the Series 2024 Special Tax Bonds, hereby consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and hereby release the District and the School District, and their respective officers and agents, from any liability in connection therewith.** If such sale for lesser amounts would result in less than full payment of principal of and interest on the Series 2024 Special Tax Bonds, the District will use its best efforts to seek approval of the Bondowners.

The Board has specifically delegated to the School District's Chief Business Official, Assistant Superintendent of Facilities & Operations, or their respective designee(s), all necessary authority in order to:

(a) pursue collection of all such Special Taxes pursuant to the provisions of such Covenant 3 and the terms and conditions of the Fiscal Agent Agreement;

(b) contract for such services as necessary for collection of such Special Taxes, including, but not limited to, legal services for any applicable foreclosure proceedings, the cost thereof to be borne by the District (subject to Board ratification of any expenditures which are not drawn from the Administrative Expense Fund) and the property owners that have failed to timely pay such Special Taxes, including all costs, interest, and penalties consistent with applicable law;

(c) file, or authorize to be filed, actions up to and including legal action(s) necessary to collect any delinquent Special Taxes including foreclosure of any lien securing such Special Taxes;

(d) that as provided by the Act, authorize the payment of the costs and attorneys' fees for prosecution of such litigation as is authorized on behalf of the District on redemption prior to entry of judgment as well as on post-judgment redemption, and the District hereby authorizes such counsel retained by the District to require payment on the District's behalf of all costs and all attorneys' fees incurred in applicable litigation as a condition of such redemption; and/or

(e) in conjunction with counsel retained by the District, and other District consultants, authorize, pursuant to Government Code Section 53356.2: (i) the recording of notices of intent to remove the delinquent Special Taxes from the tax rolls, and (ii) requests that the applicable County officials remove current and future delinquent Special Taxes from the tax rolls.

All actions undertaken by the Chief Business Official or Assistant Superintendent of Facilities & Operations, pursuant to the provisions of such Covenant shall be reported to the Board on a regular basis and are subject to the authority of the Board to subsequently direct different or alternative action(s) in such regard.

Under the terms of the Fiscal Agent Agreement, the District has been expressly authorized to include costs and attorneys' fees related to foreclosure of delinquent Special Taxes as Administrative Expenses.

(See "SECURITY FOR THE BONDS – Covenant to Foreclose" and "BOND OWNER'S RISKS" in the Official Statement for further information.)

Covenant 4. Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Net Taxes or other amounts pledged to the Bonds superior to, or on a parity with, the pledge and lien created in the Fiscal Agent Agreement for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement and as to bonds issued to fully or partially refund the Bonds.

Covenant 5. Modification of Maximum Authorized Special Tax. The District covenants that no modification of the maximum authorized Special Taxes within the District shall be approved by the District which would prohibit the District from levying the Special Tax within the District in any Fiscal Year at such a rate as could generate Special Taxes within the District in each Fiscal Year at least equal to 110% of Annual Debt Service plus estimated annual Administrative Expenses.

The District further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the maximum authorized Special Taxes, it will, to the extent of available District funds therefore, commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

Covenant 6. Protection of Security and Rights of Owners. The District will preserve and protect the security of the District and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all Persons. From and after the delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.

Covenant 7. Compliance with Law, Completion of Project. The District will comply with all applicable provisions of the Act and law in completing the acquisition and construction of the Project; provided, that the District shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefore in the School Facilities Account of the Construction Fund.

Covenant 8. Books and Accounts. The District will keep, or cause to be kept, proper books of records and accounts, separate from all other records and accounts of the Series 2024 Special Tax Bonds, in which complete and correct entries shall be made of all transactions relating to the Series 2024 Special Tax Bonds and the Project, the levy of the Special Tax within the District and the deposits to the Special Tax Fund including the Prepayment Account. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Series 2024 Special Tax Bonds then Outstanding or their representatives authorized in writing.



Covenant 9. Tax Covenant. The District hereby covenants and represents that until the last Bonds shall have been fully paid or redeemed, the District will comply with all requirements of the Tax Certificate, the Code and all applicable Regulations, such that the interest on the Series 2024 Special Tax Bonds will remain excluded from gross income for federal income tax purposes.

Covenant 10. Additional Tax Covenants. Covenant 10, as fully set forth in the Fiscal Agent Agreement, provides for additional covenants of the District in order to preserve and protect the federal tax-exempt status of interest paid on the Series 2024 Special Tax Bonds.

Covenant 11. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the obligations and covenants under the Fiscal Agent Agreement and any Supplement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement and in any Supplement.

Covenant 12. Additional Opinion(s). The District will not make any change in requirements or procedures or take any action, as to which change or action the Fiscal Agent Agreement or related documents require an opinion of nationally recognized Bond Counsel, unless it obtains an opinion of Bond Counsel to the effect that (a) interest on the Series 2024 Special Tax Bonds was excluded from gross income for federal income tax purposes from their date of issuance until the date of such change, assuming compliance with the covenants in the Fiscal Agent Agreement as they were in effect prior to the change (except that such opinion need not be given as to any interest for which a similar opinion has previously been given and remains in effect subsequent to such change), and (b) assuming continued compliance by the District with the covenants as changed, interest on the Series 2024 Special Tax Bonds is excluded from gross income for purposes of federal income taxation.

Covenant 13. Tender of Series 2024 Special Tax Bonds. The District will not, in collecting the Special Taxes within the District or in processing any such judicial foreclosure proceedings, exercise any authority which it has pursuant to Sections 53340, 53344.1, 53344.2, 53356.1 and 53356.5 of the California Government Code in any manner which would be inconsistent with the interests of the Owners and, in particular, will not permit the tender of Series 2024 Special Tax Bonds in full or partial payment of Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Series 2024 Special Tax Bonds remaining Outstanding following such tender.

Covenant 14. Additional Special Tax Bonds or Obligations. The District shall not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes except: (i) bonds issued to fully or partially refund the Outstanding Series 2024 Special Tax Bonds; and (ii) subordinate bonds, notes or other similar evidences of indebtedness.

(See “THE BONDS – Issuance of Additional Special Tax Bonds or Obligations” in the Official Statement).

Covenant 15. Annual Reports.

(a) Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2024, and until the October 30 following the final maturity of the Bonds, the District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act, as it may be amended from time to time. Such information shall be made available to any Owner upon written request to the District accompanied by a fee determined by the District to pay the costs of the District in connection therewith. The District shall in no event be liable to any Owner or any other Person or entity in connection with any error in any such information.

(b) If at any time the Fiscal Agent fails to pay principal or interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal or interest on the Bonds, such that the amount(s) in the Reserve Fund are reduced below the Reserve Requirement, the Fiscal Agent shall notify the District in writing of such failure or withdrawal, and the District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within 10 days of the failure to make such payment or the date of such withdrawal.

(c) The reporting requirements of such Covenant 15 shall be amended from time to time, without action by the District or the Fiscal Agent to reflect any future amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. The District shall provide the Fiscal Agent with a copy of any such amendment. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the District's obligations under any continuing disclosure documentation relating to the Bonds.

(d) None of the District, its officers, agents, employees or Authorized Representatives, or the Fiscal Agent, shall be liable to any Person or party for any inadvertent error in reporting the information contained in such Covenant 15.

Continuing Disclosure Covenant. The District has covenanted and agreed in the Fiscal Agent Agreement that it will comply with and carry out all of its obligations under the District Continuing Disclosure Certificate. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the District to comply with its obligations under the District Continuing Disclosure Agreement shall not be considered an event of default under the terms of the Fiscal Agent Agreement, and the sole remedy, in the event of any failure of the District to comply with the District Continuing Disclosure Agreement, shall be an action to compel performance thereof. The Fiscal Agent may (and, at the request of the Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2024 Special Tax Bonds, shall upon the receipt of indemnity for its fees and costs), or any Bondowner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Covenant set forth in the Fiscal Agent Agreement. For purposes of such covenant of the Fiscal Agent Agreement, "Beneficial Owners" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024 Special Tax Bonds (including Persons holding Series 2024 Special Tax Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series

2024 Special Tax Bonds for federal income tax purposes (see “CONTINUING DISCLOSURE – Community Facilities District Continuing Disclosure” in the Official Statement for further information).

### **Amendments to Fiscal Agent Agreement**

The District may from time to time, and at any time, without notice to, or consent of, any of the Owners, adopt Supplements hereto for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision in the Fiscal Agent Agreement which may be inconsistent with any other provision in the Fiscal Agent Agreement or therein, or to make any other provision with respect to matters or questions arising under the Fiscal Agent Agreement, or in any Supplement, provided that such action shall not have a material adverse effect on the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Fiscal Agent Agreement which are not contrary to or inconsistent with the Fiscal Agent Agreement as theretofore in effect; and/or

(c) to modify, alter, amend or supplement the Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners, including, but not limited to, providing for the rating (if any) or insuring (if any) of the Series 2024 Special Tax Bonds.

Notwithstanding the foregoing, at any time that there is only one registered Owner of all of the Outstanding Series 2024 Special Tax Bonds, any amendment to the Fiscal Agent Agreement shall require the prior written consent of the Bondowner, such consent to not be unreasonably withheld or delayed.

Exclusive of amendments supplemental hereto covered by (a), above, the Owners of not less than 60% in aggregate principal amount of the Series 2024 Special Tax Bonds then Outstanding shall have the right to consent to and approve the adoption by the District of such amendments or orders supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Fiscal Agent Agreement; provided, however, that nothing therein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Series 2024 Special Tax Bonds, (b) a reduction in the principal amount of, or redemption premium on, any Series 2024 Special Tax Bonds or the rate of interest thereon, (c) a preference or priority of any Series 2024 Special Tax Bonds over any other Series 2024 Special Tax Bonds, or (d) a reduction in the aggregate principal amount of the Series 2024 Special Tax Bonds the Owners of which are required to consent to such Supplement, without, in the case of (a) or (b), the consent of the affected Owner, or, in the case of (c) or (d), the consent of the Owners of all Series 2024 Special Tax Bonds then Outstanding.

**Supplements Requiring Owner Consent.** If at any time the District shall desire to adopt a Supplement hereto which, pursuant to the terms of the Fiscal Agent Agreement, shall require the consent of the Owners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplement to be mailed, postage prepaid, to all Owners at their

addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that a copy thereof is on file at the Principal Corporate Trust Office for inspection by all Owners. The failure of any Owner to receive such notice shall not affect the validity of such Supplement when consented to and approved as provided in the Fiscal Agent Agreement. Whenever at any time within one year after the date of the first mailing of such notice the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Series 2024 Special Tax Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplement described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy thereof referred to in such notice as on file with the Fiscal Agent, such proposed Supplement, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Series 2024 Special Tax Bonds as referred to in the Fiscal Agent Agreement. In determining whether the Owners of 60% of the aggregate principal amount of the Series 2024 Special Tax Bonds have consented to the adoption of any Supplement, Series 2024 Special Tax Bonds which are owned by the District or by any Person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplement hereto and the receipt of consent to any such amendment from the Owners of the appropriate aggregate principal amount of Bonds in instances where such consent is required pursuant to the provisions of the Fiscal Agent Agreement, the Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Fiscal Agent Agreement of the District and all Owners of Series 2024 Special Tax Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Fiscal Agent Agreement, subject in all respects to such modifications and amendments. Notwithstanding anything in the Fiscal Agent Agreement to the contrary, no Supplement shall be entered into which would modify the duties of the Fiscal Agent thereunder without the prior written consent of the Fiscal Agent.

### **Fiscal Agent**

The Fiscal Agent is appointed and takes authorized actions under the terms of the Fiscal Agent Agreement. The initial Fiscal Agent may be removed or replaced by the District upon 30 days' prior written notice (except during the continuance of an event of default, as further discussed below) or may resign in favor of a successor Fiscal Agent. The Fiscal Agent Agreement provides for certain minimum qualifications of the Fiscal Agent and provides for notice and procedures in the event a successor Fiscal Agent is required or appointed.

The duties of the Fiscal Agent are specified within the Fiscal Agent Agreement and include mailing interest payments to the Owners, selecting Series 2024 Special Tax Bonds for redemption pursuant to the terms of the Fiscal Agent Agreement, giving notice of redemption and meetings of the Owners, maintaining the Bond Register and maintaining and administering the funds and accounts established pursuant to the Fiscal Agent Agreement. The Fiscal Agent also performs all other acts authorized or directed of the Fiscal Agent pursuant to the terms of the Fiscal Agent Agreement.

The Fiscal Agent Agreement provides that the recitals of fact and all promises, covenants and agreements contained therein and in the Series 2024 Special Tax Bonds are to be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Fiscal Agent Agreement or the Series 2024 Special Tax Bonds. The Fiscal Agent Agreement provides for certain protections from liability of the Fiscal Agent except for its own negligence or willful misconduct, as further specified in the Fiscal Agent Agreement. Included as part of such protections, the Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request, order or direction of any of the Owners pursuant to the provisions of the Fiscal Agent Agreement unless such Owners shall have offered to the Fiscal Agent security or indemnity acceptable to the Fiscal Agent against the costs, expenses, and liabilities which may be incurred therein or thereby.

### **Events of Default: Remedies**

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

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Series 2024 Special Tax Bond when and as the same shall become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(b) Default in the due and punctual payment of the interest on any Series 2024 Special Tax Bond when and as the same shall become due and payable; or

(c) Default by the District in the observance of any of the other agreements, conditions or covenants on its part contained in the Fiscal Agent Agreement or in the Series 2024 Special Tax Bonds, and the continuation of such default for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent, provided that if within 30 days the District has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated; and provided further, that any noncompliance with the terms of the Continuing Disclosure Covenant, identified in the Fiscal Agent Agreement, shall not be an event of default under the terms of the Fiscal Agent Agreement and is limited to the remedies specifically identified therein (see “CONTINUING DISCLOSURE - Community Facilities District Continuing Disclosure” in the Official Statement for further information).

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

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

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

(c) Upon the happening of an event of default (as defined in the Fiscal Agent Agreement), by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in the Fiscal Agent Agreement, or in the Series 2024 Special Tax Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Series 2024 Special Tax Bonds to the respective Owners of the Series 2024 Special Tax Bonds at the respective dates of maturity, as provided in the Fiscal Agent Agreement, out of the Net Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Series 2024 Special Tax Bonds and in the Fiscal Agent Agreement.

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

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy conferred through the Fiscal Agent Agreement upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Fiscal Agent Agreement or now or thereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Net Special Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Taxes and any other funds thereafter received by the Fiscal Agent under any of the provisions of the Fiscal Agent Agreement shall be applied by the Fiscal Agent as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Fiscal Agent to protect the interests of the Owners of the Series 2024 Special Tax Bonds and payment of reasonable fees, charges and expenses of the Fiscal Agent (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Fiscal Agent Agreement;

(b) To the payment of the principal of and interest then due with respect to the Series 2024 Special Tax Bonds (upon presentation of the Series 2024 Special Tax 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 Fiscal Agent Agreement, as follows:

First: To the payment to the Owners 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 Owners entitled thereto, without any discrimination or preference; and

Second: To the payment to the Owners entitled thereto of the unpaid principal of any Series 2024 Special Tax Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Series 2024 Special Tax Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Series 2024 Special Tax Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Owners entitled thereto, without any discrimination or preference.

Any remaining funds shall be transferred by the Fiscal Agent to the Special Tax Fund.

Limitation on Bondowners' Right to Sue. Except as expressly provided for in the Fiscal Agent Agreement, no Owner 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 Fiscal Agent Agreement, the Act or any other applicable law with respect to such Series 2024 Special Tax Bonds, unless (a) such Owner shall have given to the Fiscal Agent written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Series 2024 Special Tax Bonds then Outstanding shall have made written request upon the Fiscal Agent to exercise the powers thereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner, or Owners, shall have tendered to the Fiscal Agent security indemnity acceptable to the Fiscal Agent against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Fiscal Agent shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and such tender of indemnity shall have been made to, the Fiscal Agent.

Such notification, request, tender of indemnity and refusal or omission are declared within the Fiscal Agent Agreement, in every case, to be conditions precedent to the exercise by any Owner of any remedy thereunder or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Fiscal Agent Agreement or the rights of any other Owners, or to enforce any right under the Series 2024 Special Tax Bonds, the Fiscal Agent Agreement, the Act or other applicable law with respect to the Series 2024 Special Tax 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, subject to the provisions of the Fiscal Agent Agreement (see "BOND OWNERS' RISKS" in the Official Statement for further information).

No Acceleration. The Series 2024 Special Tax Bonds are not subject to acceleration in payment of interest or principal prior to maturity (see "BOND OWNERS' RISKS – No Acceleration Provisions" in the Official Statement for further information).

## **Defeasance**

If all or a specified portion of the Series 2024 Special Tax Bonds shall be paid and discharged under the terms of the Fiscal Agent Agreement in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest due on such Series 2024 Special Tax Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, or a designated bank or trust company as escrow holder, in trust at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund and available for such purpose, is fully sufficient to pay the principal of and interest on such Series 2024 Special Tax Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or a designated bank or trust company as escrow holder, in trust, direct, non-callable, Federal Securities, in which the District may lawfully invest its money, in such amount as certified by a nationally recognized certified public accountant which will, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund available for such purpose, together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of and interest and any premium on such Series 2024 Special Tax Bond as and when the same shall become due and payable; then, notwithstanding that any such Series 2024 Special Tax Bond shall not have been surrendered for payment, all obligations of the District under the Fiscal Agent Agreement, and any Supplement, with respect to such Series 2024 Special Tax Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Series 2024 Special Tax Bonds not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in the Fiscal Agent Agreement.

In connection with a defeasance under (b) or (c) above, there shall be provided to the District and the Fiscal Agent a certificate of a certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent, or the designated escrow holder, to pay and discharge the principal of, premium, if any, and interest on the Outstanding Bonds to be defeased in accordance with the Fiscal Agent Agreement, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Series 2024 Special Tax Bonds being defeased have been legally defeased in accordance with the Fiscal Agent Agreement. Upon such a defeasance, the Fiscal Agent shall release the rights of the Owners of such Series 2024 Special Tax Bonds which have been defeased under the Fiscal Agent Agreement and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Fiscal Agent Agreement of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the District any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Series 2024 Special Tax Bonds when due. The Fiscal Agent shall, at the written direction and expense of the District, mail, first-class, postage prepaid, a notice to the Owners whose Series 2024 Special Tax Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.



## **Miscellaneous Provisions**

**Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Fiscal Agent Agreement to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any commercial bank, trust company or other depository for such Series 2024 Special Tax Bond. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of such Bond shall be sufficient for the purposes of the Fiscal Agent Agreement (except as otherwise provided in the Fiscal Agent Agreement), if made in the following manner:

(a) The fact and date of the execution by any Owner or their attorney of any such instrument and of any instrument appointing any such attorney may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of this authority; provided, however, that nothing contained in the Fiscal Agent Agreement shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters stated in the Fiscal Agent Agreement which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Series 2024 Special Tax Bond in respect to anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent; and

(b) As to any Series 2024 Special Tax Bond, the Person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Series 2024 Special Tax Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2024 Special Tax Bond and the interest thereon to the extent of the sum or sums so paid. The Fiscal Agent shall not be affected by any notice to the contrary.

**Provisions Constitute Contract.** The provisions of the Fiscal Agent Agreement, including any Supplements thereto, and the Series 2024 Special Tax Bonds shall constitute a contract between the District and the Owners (“Contract”) and the provisions hereof and thereof shall be enforceable by any Owner for the equal benefit and protection of all Owners similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may later be authorized under the laws of the State in any court of competent jurisdiction. The Contract is made under and is to be construed in accordance with the laws of the State.

No remedy conferred hereby upon any Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law of the State. No waiver of any default or breach of duty or contract by any Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies

on said subsequent default or breach. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Owner shall prevail, said Owner shall be entitled to receive from the Net Taxes reimbursement for reasonable costs, expenses, outlays and attorneys' fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Owners then, and in every such case, the District's positions, rights and remedies shall be construed in a manner as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, the Fiscal Agent Agreement shall not be subject to repeal, but shall be subject to modification to the extent and in the manner provided in the Fiscal Agent Agreement, but to no greater extent and in no other manner.

Limitation of Rights. Nothing in the Fiscal Agent Agreement or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Fiscal Agent, the District and the Bondowners any legal or equitable right, remedy or claim under or in respect to the Fiscal Agent Agreement or any covenant, condition or provision therein or contained in the Fiscal Agent Agreement, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Fiscal Agent, the District and the Bondowners.

Payment on Non-Business Days. In the event any payment is required to be made under the Fiscal Agent Agreement on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

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## APPENDIX D

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of The Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, 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 and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the

DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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. Beneficial Owners are, however, 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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

#### CONTINUING DISCLOSURE CERTIFICATE

**\$6,895,000**

**COMMUNITY FACILITIES DISTRICT NO. 2017-2  
OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT  
SERIES 2024 SPECIAL TAX BONDS**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (the “District”) in connection with the issuance of the bonds captioned above (the “Bonds”). The Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of March 1, 2024 (the “Fiscal Agent Agreement”), by and between the District and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”). The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and 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 above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is seven months after the end of the District's fiscal year (currently January 31 based on the District's fiscal year end of June 30).

“*Dissemination Agent*” means KeyAnalytics, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*EMMA System*” means the Electronic Municipal Market Access System of the MSRB (as defined below) or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with the Rule and any successor entity designated by the Securities and Exchange Commission as the repository for filings made pursuant to the Rule.

“*Financial Obligation*” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a clause (i) debt obligation or of a clause (ii) a derivative instrument described above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.



“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Obligated Person*” means any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement (e.g., the Community Facilities District as to the Bonds) to support payment of all, or part of the obligations of the municipal securities to be sold (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“*Official Statement*” means the final official statement dated February 13, 2024, executed by the District in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“*School District*” means the Lake Elsinore Unified School District.

### Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 31, 2025, with the report for the 2023-24 fiscal year, provide to the MSRB, through the EMMA System, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. 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 Certificate; provided that if the audited financial statements of the School District are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements, and the audited financial statements of the School District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, when they become available. The audited financial statements of the District may be included within or constitute a portion of the audited financial statements of the School District. 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(b).

(b) If the District does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB through the EMMA System, in a timely manner, in an electronic format as prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided and confirming that it has been filed with the MWRB through the EMMA System.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The School District's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the School District does not prepare audited financial statements, or if the School District's audited financial statements, if any, are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements, which shall consist of the information required to be included in the Annual Report under Section 4(b) hereof, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when if they become available. When filed, the School District's annual Report shall be accompanied by the following statement:

THE SCHOOL DISTRICT'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE DISTRICT OR THE SCHOOL DISTRICT, OTHER THAN NET TAXES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE DISTRICT NOR THE SCHOOL DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE DISTRICT OR THE SCHOOL DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) To the extent not included in the audited financial statements, the following information:

(i) The principal amount of the Bonds and any other outstanding bonds issued under the Fiscal Agent Agreement (including refunding bonds).

(ii) The balances in the funds and accounts established under the Fiscal Agent Agreement.

(iii) The current debt service schedule for the Bonds.

(iv) A statement of the then-current Reserve Requirement, whether or not the amount on deposit in the Reserve Fund is equal to the Reserve Requirement and, if not, the amount of the delinquency or surplus, as applicable.

(v) The total dollar amount of delinquencies, if any, in the District as of June 30 of the prior calendar year and, in the event that the total delinquencies within the District as of June 30 in the prior calendar year exceed 5% of the Special Tax for the previous fiscal year, delinquency information for each parcel responsible for more than \$5,000 in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(vi) The amount of prepayments of the Special Tax with respect to the District for the prior Fiscal Year.

(vii) An updated table in substantially the form of the table in the Official Statement entitled "Table 2a, Actual Fiscal Year 2023-24 Assigned Annual Special Tax Levy and Special Tax Revenues by Tax Class," based upon the Special Tax levy for the then-current Fiscal Year.

(viii) An updated table in substantially the form of the table in the Official Statement entitled "Table 4a, Appraised Values and Value-to-Burden Ratios by Property Owner and Development Status Allocated by Projected Fiscal Year 2024-25 Special Tax Levy" based upon the most recent equalized tax roll prior to the September next preceding the Annual Report Date.

(ix) Any changes to the Rate and Method of Apportionment of Special Tax for the District set forth in Appendix B to the Official Statement.

(x) A copy of the most recent annual information required to be filed by the District with the California Debt and Investment Advisory Commission pursuant to the Act and relating generally to outstanding District bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Listed Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.

- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District, or the sale of all or substantially all of the assets of the District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

(b) If a Listed Event occurs, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events regarding bond calls described in subsection (a)(8) above 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 under the Fiscal Agent Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction

over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate 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(b).

Section 8. 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 Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be KeyAnalytics.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in

order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed with the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Participating Underwriter 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 to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it 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 negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Fiscal Agent, the Bond owners or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Fiscal Agent, 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 Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: March 5, 2024

COMMUNITY FACILITIES DISTRICT NO. 2017-2  
OF THE LAKE ELSINORE UNIFIED SCHOOL  
DISTRICT

By: \_\_\_\_\_

James Judziewicz,  
Assistant Superintendent,  
Facilities & Operations Support Services  
Lake Elsinore Unified School District, on behalf of  
Community Facilities District No. 2017-2 of the  
Lake Elsinore Unified School District

AGREED AND ACCEPTED:

KeyAnalytics,  
as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE (DEVELOPER)

#### CONTINUING DISCLOSURE CERTIFICATE

**\$6,895,000**

#### **COMMUNITY FACILITIES DISTRICT NO. 2017-2 OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT SERIES 2024 SPECIAL TAX BONDS**

Dated: March 5, 2024

This Continuing Disclosure Certificate (this “Developer Disclosure Certificate”) is executed and delivered by Beazer Homes Holdings, LLC, a Delaware limited liability company (the “Developer”) in connection with the issuance by Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (the “District”) of the bonds captioned above (the “Bonds”). The Bonds are being issued under a Fiscal Agent Agreement dated as of March 1, 2024 (the “Fiscal Agent Agreement”), by and between the District and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”). The Developer hereby covenants and agrees as follows:

Section 1. Purpose of the Developer Disclosure Certificate. This Developer Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds.

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

“*Affiliate*” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Developer’s ability to pay the Special Taxes levied on the Property prior to delinquency).

“*Assumption Agreement*” means an undertaking of a Major Owner, for the benefit of the holders and beneficial owners of the Bonds, containing terms substantially similar to this Developer Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the District), whereby such Major Owner agrees to provide semi-annual reports and notices of listed events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in the District owned by such Major Owner and agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 12 hereof.

“*District*” means Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District.



*“Dissemination Agent”* means the Developer, or any successor Dissemination Agent designated in writing by the Developer, and who has accepted such obligation in writing, and for which the Developer has filed with the District notice of such designation and acceptance, and which is experienced in providing dissemination agent services such as those required under this Developer Disclosure Certificate.

*“EMMA System”* means the Electronic Municipal Market Access System of the MSRB or such other electronic system designated by the MSRB (as defined below) or the Securities and Exchange Commission.

*“Listed Events”* means any of the events listed in Section 5(a) of this Developer Disclosure Certificate.

*“Major Owner”* means, as of any Report Date, a Person that, together with the Person’s Affiliates, owns 21 or more residential lots in the District.

*“MSRB”* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information.

*“Official Statement”* means the final Official Statement dated February 13, 2024, executed by the District in connection with the issuance of the Bonds.

*“Participating Underwriter”* means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds.

*“Person”* means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

*“Property”* means (i) the property owned by the Developer in the District as of the Report Date, and (ii) the property in the District that the Developer sold to a Major Owner who has not assumed the undertakings of this Developer Disclosure Certificate under Section 7(b).

*“Report Date”* means (a) April 30 of each year, and (b) October 31 of each year.

*“Semi-Annual Report”* means any Semi-Annual Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Developer Disclosure Certificate.

*“School District”* means the Lake Elsinore Unified School District.

*“Special Taxes”* means the special taxes for facilities levied by the District on the Property.

### Section 3. Provision of Semi-Annual Reports.

(a) So long as the Developer’s obligations under this Developer Disclosure Certificate have not been terminated pursuant to Section 7 herein, the Developer shall provide, or shall cause to be provided, not later than the Report Date, commencing October 31, 2024, to the MSRB through the EMMA System, in an electronic format and accompanied by the identifying information as prescribed by the MSRB, a Semi-Annual Report which is consistent with the requirements of Section 4 of this Developer Disclosure Certificate with a copy to the Participating Underwriter and the School District. Not later than 15 calendar days prior to the Report Date, the

Developer shall provide the Semi-Annual Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent (if different from the Developer), Participating Underwriter and the District to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Developer Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the District may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Developer Disclosure Certificate.

(b) If the Dissemination Agent is not the Developer and it does not receive a Semi-Annual Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Semi-Annual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Developer Disclosure Certificate have terminated (pursuant to Section 7 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Semi-Annual Report to the MSRB through the EMMA System by the Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice that the Developer did not provide the Semi-Annual Report to the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine prior to each Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of continuing disclosure reports; and;

(ii) to the extent the Semi-Annual Report has been furnished to it, file a report with the Developer (if the Dissemination Agent is other than the Developer), the District and the Participating Underwriter certifying that the Semi-Annual Report has been provided to the MSRB through the EMMA System pursuant to this Developer Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Semi-Annual Reports. Each Semi-Annual Report shall contain or incorporate by reference the information set forth in Exhibit A, any or all of which may be included by specific reference to other documents, which are available to the public on the EMMA System or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Semi-Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

## Section 5. Reporting of Listed Events.

(a) So long as the Developer's obligations under this Developer Disclosure Certificate have not been terminated pursuant to Section 7 herein, the Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer that in the reasonable judgment of the Developer could have a material adverse impact on the Developer's ability to pay its Special Taxes prior to delinquency or to sell or develop the Property as described in the Official Statement or most recent Semi-Annual Report;

(ii) failure of the Developer to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property prior to the delinquency date, to the extent such failure is not promptly cured by the Developer upon discovery thereof;

(iii) filing of a lawsuit against the Developer or, if known, an Affiliate of the Developer, seeking damages which, if successful, could have a material and adverse impact on the Developer's ability to pay Special Taxes with respect to the Property prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the District and the Participating Underwriter.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Developer Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Duration of Reporting Obligation.

(a) All of the Developer's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 12) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) when the Property owned by the Developer is 20 or fewer residential lots, or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property.

The Developer shall give notice of the termination of its obligations under this Developer Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a Person or entity that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the property conveyed to such Major Owner may be assumed by such Major Owner and the Developer's obligations hereunder with respect to the property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance equivalent to this Developer Disclosure Certificate or as otherwise satisfactory to the District and the Participating Underwriter. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Developer Disclosure Certificate with respect to the Bonds, and under which the property conveyed to such Major Owner will become subject to future Semi-Annual Reports.

Section 8. Dissemination Agent. The Developer may, from time to time, with the written consent of the District, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Developer Disclosure Certificate, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Developer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate, and any provision of this Developer Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(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, or change in law; and

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement 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.

Section 10. Additional Information. Nothing in this Developer Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Developer Disclosure Certificate or any other means of communication, or including any other information in any Semi-Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Developer Disclosure Certificate. If the Developer chooses to include any information in any Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Developer Disclosure Certificate, the Developer shall have no obligation under this Developer Disclosure Certificate to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Developer to comply with any provision of this Developer Disclosure Certificate, the Fiscal Agent shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and 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 Developer to comply with its obligations under this Developer Disclosure Certificate. A default under this Developer Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Developer Disclosure Certificate in the event of any failure of the Developer to comply with this Developer Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Developer Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the 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 (i) losses, expenses and liabilities due to the Dissemination Agent's, and its officers', directors', employees', and agents' negligence or willful misconduct, or failure to perform its duties hereunder, and (ii) losses, expenses and liabilities due to the failure of the District to pay the fees and expenses of the Dissemination Agent. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds, but shall be assumed by a Major Owner from and after the date of such assumption when property is sold to a Major Owner and such Major Owner enters into an assumption agreement.

Section 13. Notices. Any notice or communications to be given relating to this Developer Disclosure Certificate may be given by electronic, overnight, or regular mail as follows:

To the District:

Lake Elsinore Unified School District  
545 Chaney Street  
Lake Elsinore, CA 92530  
Attn: James Judziewicz, Assistant Superintendent,  
Facilities & Operations Support Services

To the Developer: Beazer Homes Holdings, LLC  
310 Commerce Street, Suite 150  
Irvine, CA 92602  
Attn: Kim Molina

With a copy to: O'Neil LLP  
19900 MacArthur Blvd., Suite 1050  
Irvine, California 92612  
Attention: John Yeager  
Email: jyeager@oneil-llp.com

To the Participating Underwriter: Stifel, Nicolaus & Company, Incorporated  
2121 Avenue of the Stars, Ste. 2150  
Los Angeles, CA 90067

To the Dissemination Agent: Beazer Homes Holdings, LLC  
310 Commerce Street, Suite 150  
Irvine, CA 92602  
Attn: Kim Molina

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 14. Beneficiaries. This Developer Disclosure Certificate shall inure solely to the benefit of the District, the Developer (its successors and assigns), the Fiscal Agent, 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. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of Developer as a result of a sale, merger, consolidation or other reorganization.

*[Remainder of Page Intentionally Blank; Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned has executed this Developer Disclosure Certificate as of the date first written above.

**BEAZER HOMES HOLDINGS, LLC,**  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**SEMI-ANNUAL REPORT**

**[APRIL 30, \_\_\_\_ / OCTOBER 31, \_\_\_\_]**

**\$6,895,000**

**COMMUNITY FACILITIES DISTRICT NO. 2017-2  
OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT  
SERIES 2024 SPECIAL TAX BONDS**

This Semi-Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Developer) (the "Developer Disclosure Certificate") dated as of March 5, 2024, executed by the undersigned (the "Developer") in connection with the issuance of the bonds captioned above (the "Bonds") for Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (the "District").

Capitalized terms used in this Semi-Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

**I. Property Ownership and Development**

The information in this section is provided as of \_\_\_\_\_ (this date must be not more than 60 days before the date of this Semi-Annual Report).

A. Description of the Property currently owned by the Developer in the District (the "Property"), in substance and form similar to such information in the Official Statement for the Bonds:

\_\_\_\_\_  
\_\_\_\_\_

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds or the Semi-Annual Report last filed in accordance with the Developer Disclosure Certificate:

\_\_\_\_\_  
\_\_\_\_\_

C. Status of building permits and any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the Bonds or the Semi-Annual Report last filed in accordance with the Developer Disclosure Certificate:

\_\_\_\_\_  
\_\_\_\_\_

D. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the District by the Developer or sales of land to other property owners (other than individual homeowners).

\_\_\_\_\_  
\_\_\_\_\_



## **II. Legal and Financial Status of Developer**

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any material change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete the development plan with respect to the Property described in the Official Statement. To the extent that the ownership of the Developer has changed, describe all material terms of the new ownership structure.

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## **III. Change in Development or Financing Plans**

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any development plans or financing plans of the Developer relating to the Property *that are materially different from* the proposed development and financing plans of the Developer for the Property described in the Official Statement or in a previous Semi-Annual Report.

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## **IV. Official Statement Updates**

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the headings "PROPERTY OWNERSHIP AND PROPOSED PROPERTY DEVELOPMENT" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

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**V. Status of Tax Payments**

Describe status of payment of taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property owned by the Developer and its Affiliates.

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**VI. Other Material Information**

In addition to any of the information expressly required above, provide such further information, if any, with respect to the Property and the Developer as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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**Certification**

On behalf of the Developer, the undersigned officer or representative of the Developer, based on actual knowledge after reasonable inquiry of its employees, hereby certifies that this Semi-Annual Report constitutes the Semi-Annual Report required to be furnished under the Developer Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS SEMI-ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DEVELOPER DISCLOSURE CERTIFICATE.

Dated: \_\_\_\_\_

**BEAZER HOMES HOLDINGS, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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## APPENDIX G

### FORM OF OPINION OF BOND COUNSEL

*Upon delivery of the Bonds, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel to Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District, proposes to render their final approving opinion with respect to the Bonds in substantially the following form:*

March 5, 2024

Governing Board  
Lake Elsinore Unified School District  
545 Chaney Street  
Lake Elsinore, CA 92530

Re: \$6,895,000 Community Facilities District No. 2017-2 of the  
Lake Elsinore Unified School District Series 2024 Special Tax Bonds  
**Final Opinion of Bond Counsel**

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Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District ("District") of \$6,895,000 aggregate principal amount of bonds designated "Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District Series 2024 Special Tax Bonds" ("Bonds"). The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), Resolution No. 2023-24-044, adopted by the Governing Board of the Lake Elsinore Unified School District ("School District"), acting in its capacity as the Legislative Body of the District on January 18, 2024 and the Fiscal Agent Agreement dated as of March 1, 2024 ("Fiscal Agent Agreement"), by and between the District and Zions Bancorporation, National Association, as Fiscal Agent ("Fiscal Agent"). Capitalized terms used herein and not otherwise defined shall have the meaning(s) given such terms in the Fiscal Agent Agreement.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the formation of the District, the issuance of the Bonds and certain related matters ("District Proceedings"). We have also examined certificates and representations made by public officials and officers of the District, the School District and the underwriter of the Bonds, including certificates as to factual matters, including, but not limited to, the Tax Certificate, as we have deemed necessary to render the opinions set forth herein.

Attention is called to the fact that we have not been requested to examine, and have not examined, any documents or information relating to the District or the School District other than the record of the District Proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof which has been or may be supplied to any purchaser of the

Bonds. In rendering the opinions set forth herein, we have relied upon the representations of fact and certifications referred to herein, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Fiscal Agent Agreement, the Tax Certificate and other documents relating to the District Proceedings including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

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 or any matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with the issuance thereof and we disclaim any obligation to update this letter.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Fiscal Agent Agreement and other documents related to the District Proceedings are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies, to the application of equitable principles heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases and to limitations on legal remedies against school districts in the State of California ("State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion with regard to "Blue Sky" laws in connection with the Bonds. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

The Fiscal Agent Agreement, the Tax Certificate and other documents related to the District Proceedings refer to certain requirements and procedures which may be changed and certain actions which may be taken or omitted under the circumstances and subject to terms and conditions set forth in such documents, in certain cases upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond, or the interest paid thereon, if any such change is made, or action is taken or omitted, upon the advice or approval of counsel other than ourselves.

Based on and subject to the foregoing, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant to the circumstances, we are of the following opinions:

1. The District has, and the District Proceedings show, full power and authority to issue the Bonds. The Bonds constitute legal, valid and binding obligations of the District, payable in accordance with their terms. The Bonds are limited obligations of the District payable solely from and secured by a pledge of the Net Taxes, and from other funds and accounts held pursuant to the Fiscal Agent Agreement, and are not obligations of the School District, the State or any public agency thereof (other than the District). The District has the full right, power and authority to levy and pledge the Net Taxes to the Owners of the Bonds.

2. The Fiscal Agent Agreement has been duly and validly authorized, executed and delivered by, and constitutes a valid and binding obligation of, the District.
3. Interest on the Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In addition, interest on the Bonds is exempt from personal income taxation imposed by the State. We express no opinion regarding other tax consequences related to the Bonds or to the accrual or receipt of the interest on the Bonds.

We express no opinion as to any matter other than as expressly set forth above.

Very truly yours,

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

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## **APPENDIX H**

### **COMMUNITY FACILITIES DISTRICT BOUNDARY MAP**



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SHEET 1 OF 1

BOUNDARY MAP OF PROPOSED BOUNDARIES OF  
LAKE ELSINORE UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-2  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA



LEGEND

- Proposed Boundaries for Community Facilities District No. 2017-2  
 Assessor's Parcel Boundary  
000-000-000 Riverside County Assessor's Parcel Number

Reference is hereby made to the Assessor  
maps of the County of Riverside as of  
June 1, 2017 for an exact description of  
lines and dimensions of each parcel

(1) Filed in the office of the Clerk of  
the Governing Board of the Lake  
Elsinore Unified School District this  
14<sup>th</sup> day of June, 2017

Clerk of the Governing Board, Lake  
Elsinore Unified School District, State  
of California

(2) I hereby certify that the within map  
showing the boundaries of Community  
Facilities District No. 2017-2,  
Riverside County, State of California,  
was approved by the Governing Board  
of the Lake Elsinore Unified School  
District at a regular meeting thereof,  
held on the 14<sup>th</sup> day of  
June, 2017 by its Resolution  
No. 2016-17- 079

Clerk of the Governing Board, Lake  
Elsinore Unified School District, State  
of California

(3) Filed this 23<sup>rd</sup> day of  
July, 2017, at the hour of  
9:25 o'clock A.M. in Book 91 of  
Maps of Assessment and Community  
Facilities Districts at Pages 5, and  
as Instrument No. 2017-0955128  
in the County Recorder of Riverside  
County, State of California. per § 10.00

County Recorder of the County of  
Riverside  
Peter Aldana

Prepared by:  
Cooperative Strategies LLC

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## **APPENDIX I**

### **APPRAISAL**

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APPRAISAL REPORT  
COVERING  
Community Facilities District No. 2017-2  
of the Lake Elsinore Unified School District  
(Boulder Creek)

DATE OF VALUE:

December 1, 2023

SUBMITTED TO:

Lake Elsinore Unified School District  
545 Chaney St.  
Lake Elsinore, CA 92530

Attn: James Judziewicz  
Assistant Superintendent,  
Facilities & Operations

DATE OF REPORT:

December 15, 2023

SUBMITTED BY:

Stephen G. White, MAI  
1801 Lexington Dr.  
Fullerton, CA 92835

# Stephen G. White, MAI



## Real Estate Appraiser

1801 LEXINGTON DRIVE · FULLERTON, CALIFORNIA 92835  
(714) 738-1595 · swhite@white-appraisal.com

December 15, 2023

Lake Elsinore Unified School District  
545 Chaney St.  
Lake Elsinore, CA 92530

Re: Community Facilities District No. 2017-2  
of the Lake Elsinore Unified School District  
(Boulder Creek)

Attn: James Judziewicz  
Assistant Superintendent,  
Facilities & Operations

Dear Mr. Judziewicz:

In accordance with your request and authorization, I have completed an appraisal of the taxable properties within the above-referenced Community Facilities District (CFD). These properties consist of 108 single-family lots that are being developed by Beazer Homes with a neighborhood of homes called Boulder Creek. As of the December 1, 2023 date of value for this appraisal there were 51 completed-closed homes (closed builder sales), 6 completed-unclosed homes (including the 4 models), 31 homes under construction, and 20 vacant lots.

The purpose of this appraisal is to estimate the aggregate market value of the as is condition of these taxable properties, with the values allocated to Individual Owners (completed-closed homes) and to Builder Ownership (completed-unclosed homes, homes under construction and vacant lots). This appraisal reflects the proposed CFD bond financing, with the effective tax rate estimated at an average of  $\pm 1.95\%$  based on the average appraised value for the completed-closed homes and including special taxes of this CFD and other overlapping debt. Based on the general inspections of the properties and analysis of matters pertinent to value, the following conclusions of market value have been arrived at, subject to the Assumptions and Limiting Conditions, and as of December 1, 2023:

<u>Ownership</u>	<u>No. Lots</u>	<u>Market Value</u>
<i>Individual Owners (completed-closed homes):</i>	51	\$35,700,000
<i>Builder Ownership (completed-unclosed homes):</i>	6	\$3,300,000
<i>Builder Ownership (homes under construction):</i>	31	\$9,725,000
<i>Builder Ownership (vacant lots):</i>	<u>20</u>	<u>\$3,990,000</u>
	108	\$52,715,000

**\$52,715,000**

**(FIFTY-TWO MILLION SEVEN HUNDRED FIFTEEN THOUSAND DOLLARS)**

MR. JAMES JUDZIEWICZ  
DECEMBER 15, 2023  
PAGE 2

The following is the balance of this 38-page Appraisal Report which includes the Certification, Assumptions and Limiting Conditions, definitions, property data, exhibits, valuation and market data from which the value conclusions were derived.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen G. White", is written over a horizontal line.

Stephen G. White, MAI  
(State Certified General Real Estate  
Appraiser No. AG013311)

SGW:sw  
Ref: 23022



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## APPRAISAL SUMMARY

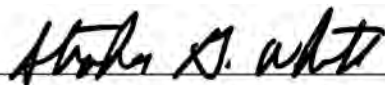
<b>Property Type:</b>	51 completed-closed homes, 6 completed-unclosed homes, 31 homes under construction & 20 vacant lots											
<b>Ownership:</b>	Individual Owners (completed-closed homes) Builder Ownership (completed-unclosed homes, homes under construction & vacant lots)											
<b>Date of Value/Effective Date of the Appraisal:</b>	December 1, 2023											
<b>Date of Report:</b>	December 15, 2023											
<b>Location:</b>	Northerly corner Grand Ave. and McVicar St., City of Wildomar											
<b>APN:</b>	380-500-001 to 008 380-501-001 to 019 380-502-001 to 019 380-510-001 to 062											
<b>Legal Description:</b>	Lots 1 to 108 of Tract No. 31667											
<b>Lot Sizes:</b>	±7,200 s.f. minimum/8,958 s.f. average											
<b>Home Sizes:</b>	2,316 s.f. to 3,463 s.f.											
<b>Years Built:</b>	2022 to current/ongoing											
<b>Highest &amp; Best Use:</b>	As Improved/As Planned											
<b>Method of Analysis:</b>	Sales Comparison Approach/Mass Appraisal											
<b>Value Conclusions:</b>	<table><tr><td>51 Completed-Closed Homes:</td><td>\$35,700,000</td></tr><tr><td>6 Completed-Unclosed Homes:</td><td>\$ 3,300,000</td></tr><tr><td>31 Homes Under Construction:</td><td>\$ 9,725,000</td></tr><tr><td>20 Vacant Lots:</td><td><u>\$ 3,990,000</u></td></tr><tr><td>Total:</td><td>\$52,715,000</td></tr></table>		51 Completed-Closed Homes:	\$35,700,000	6 Completed-Unclosed Homes:	\$ 3,300,000	31 Homes Under Construction:	\$ 9,725,000	20 Vacant Lots:	<u>\$ 3,990,000</u>	Total:	\$52,715,000
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6 Completed-Unclosed Homes:	\$ 3,300,000											
31 Homes Under Construction:	\$ 9,725,000											
20 Vacant Lots:	<u>\$ 3,990,000</u>											
Total:	\$52,715,000											

## **CERTIFICATION**

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- I have made a general inspection of the properties that are the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this Certification, other than data research by my associate, Kirsten Patterson.
- I have performed no services, as an appraiser or in any other capacity, regarding the subject properties within the three-year period prior to accepting this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

  
Stephen G. White, MAI  
(State Certified General Real Estate  
Appraiser No. AG013311)

## **ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal has been based upon the following assumptions and limiting conditions:

1. No responsibility is assumed for the legal descriptions provided or for matters pertaining to legal or title considerations. Title to the properties is assumed to be good and marketable unless otherwise stated.
2. The properties are appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies, if applicable, are assumed to be correct. Any plot plans or other illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the properties, subsoil, or structures that render them more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the properties are in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the properties conform to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in the report are based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the properties described and that there are no encroachments or trespasses unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the properties, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of such substances may affect the value of the property, but the values estimated in this

**ASSUMPTIONS AND LIMITING CONDITIONS,** Continuing

appraisal are based on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field, if desired.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication, unless otherwise authorized. It is understood and agreed that this report will be utilized in the Official Statement, as required for the within-referenced CFD bond issuance.
13. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the properties in question unless arrangements have previously been made.

**EXTRAORDINARY ASSUMPTIONS**

1. It has been assumed that there are no soil, geologic, seismic or environmental conditions that would negatively impact the existing or planned uses or valuation of the subject properties.
2. An estimate of the remaining costs and fees to get the subject lots from their as is condition to finished lot condition has been provided by the builder/property owner, and these estimates have been relied upon in this appraisal as being reasonably accurate and reliable; in addition, the valuations have reflected the proposed CFD bond financing such that the deductions of estimated remaining costs/fees do not include any amounts that are to be funded by the planned CFD bond proceeds.

## **PURPOSE AND INTENDED USE/USER OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the as is condition of the taxable properties located within Community Facilities District No. 2017-2 of the Lake Elsinore Unified School District (Boulder Creek), reflecting the proposed CFD bond financing. It is intended that this Appraisal Report is to be used by the client, consisting of the Lake Elsinore Unified School District and the CFD, and other appropriate parties as part of the planned CFD bond issuance.

## **SCOPE OF THE APPRAISAL**

It is the intent of this appraisal that all appropriate data considered pertinent in the valuation of the subject properties be collected, confirmed and reported in an Appraisal Report, in conformance with the Uniform Standards of Professional Appraisal Practice and the guidelines of the California Debt and Investment Advisory Commission. The scope of work has included an identification of the appraisal problem to be solved, which in this case is the market value of the taxable subject properties in as is condition as of the date of value of the appraisal; a general inspection of the subject properties and their surroundings; obtaining of pertinent property data on the subject properties, including review of various maps and documents relating to the properties and the home development; obtaining of comparable home sales and land sales from a variety of sources; analysis of all of the data to the value conclusions; and completion of the Appraisal Report.

## **DATE OF VALUE (EFFECTIVE DATE OF THE APPRAISAL)**

The date of value or effective date of the appraisal is December 1, 2023.

## **PROPERTY RIGHTS APPRAISED**

This appraisal is of the fee simple interest in the subject properties, subject to all applicable CFD special tax liens.

## **DEFINITION OF MARKET VALUE**

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. (The Dictionary of Real Estate Appraisal, Seventh Edition)

## **DEFINITION OF FEE SIMPLE INTEREST (ESTATE)**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (The Dictionary of Real Estate Appraisal, Seventh Edition)

### **DEFINITION OF MASS APPRAISAL**

The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing. (USPAP, 2020-2021 ed.) Often associated with real property tax assessment valuation. (The Dictionary of Real Estate Appraisal, Seventh Edition)

### **DEFINITION OF FINISHED LOT**

This term describes the condition of residential lots in a single-family subdivision for detached homes in which the lots are fully improved and ready for homes to be built. This reflects that the lots have all development entitlements, infrastructure improvements completed, finish grading completed, all in-tract utilities extended to the property line of each lot, street improvements completed, common area improvements/landscaping (associated with the tract) completed, resource agency permits (if necessary), and all development fees paid, exclusive of building permit fees, in accordance with the conditions of approval of the specific tract map.

### **EXPOSURE TIME**

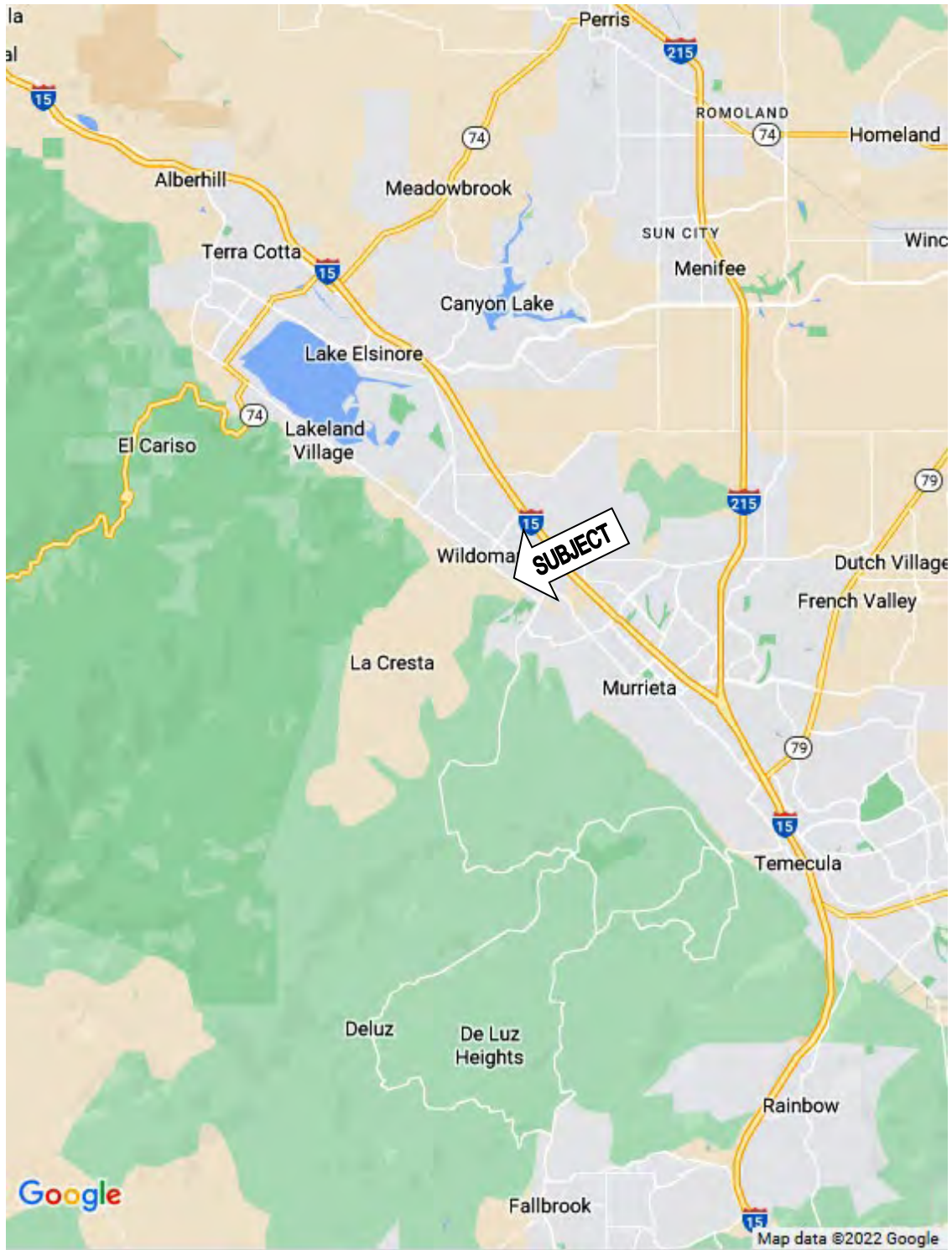
This is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date or date of value of the appraisal. Assuming a reasonable marketing effort and at or reasonably near market value, I have concluded that the exposure time for the subject homes as well as the bulk of homes under construction and vacant lots would have been within 4 months for a sale to be negotiated, and with appropriate escrow time for the sales to close.

### **OWNERSHIP/SALES HISTORY**

Beazer Homes Holdings Corp. acquired the land for the subject neighborhood from El Capitan Investments, LLC by deed recorded December 23, 2005 at an indicated price of \$11,220,000. Subsequently, builder sales of completed homes indicate the seller as Beazer Homes Holdings, LLC, successor by conversion to Beazer Homes Holdings Corp.

As of the December 1, 2023 date of value, individual owners owned 51 of the lots (Lots 18 to 61, 76, 77, 79, 80 & 87 to 89) consisting of the completed-closed homes, and Beazer Homes Holdings, LLC owned 57 of the lots (Lots 1 to 17, 62 to 75, 78, 81 to 86 & 90 to 108), consisting of the completed-unclosed homes, homes under construction and vacant lots. The closed builder sales closed from September 7, 2022 through November 13, 2023 at net sale prices ranging from \$546,662 to \$780,640. In addition, as of December 1, 2023 there were 27 pending builder sales that were scheduled to close from December 22, 2023 through May 20, 2024.

## LOCATION MAP





## **PROPERTY DATA**

### **LOCATION**

The subject neighborhood is located at the northerly corner of Grand Ave. and McVicar St. in the City of Wildomar. This location is in the southwest part of Wildomar, about 1 mile to the southwest of the 15 Freeway, with interchanges at Wildomar Trail and Clinton Keith Rd.

### **GENERAL AREA DESCRIPTION**

The subject neighborhood of Boulder Creek is located in a developing area of the City of Wildomar with many nearby residential tracts built since 2000, as well as custom homes on larger lots with some equestrian and/or agricultural uses, vacant land and a nearby middle school.

Adjacent to the northwest of Boulder Creek is a neighborhood of homes built from 1999 to 2001 on 7,200 s.f. minimum lots. The homes originally ranged in size from 2,412 s.f. to 3,408 s.f., though some have had subsequent additions, and two sales in June and August 2023 of 3,124 s.f. homes reflect sale prices of \$610,000 and \$700,000. Beyond this neighborhood along the northeast side of Grand Ave. is an area of primarily mobile and modular homes on varying but typical 50' wide by 150' deep lots. There are also some other homes, several historic farm houses, and a variety of vacant lots.

Along the northeast side of the subject neighborhood is the Wildomar Channel which flows southeasterly through this area. Beyond the channel is vacant land, ±19-acres of which are mapped for development with 48 single family lots, 7,200 s.f. minimum size. This future tract wraps around several existing residential and commercial properties fronting on Palomar St.

Farther to the northeast are several residential tracts built in the early to mid-2000s with homes from 1,443 to 3,200 s.f. and recent sale prices from \$560,000 to \$675,000. Farther to the southeast beyond McVicar St. are several tracts of homes that were built from 2016 to 2018 by Richmond American Homes, with homes from 2,490 s.f. to 3,817 s.f. and no recent closed resales.

Across McVicar St. to the southeast of the subject neighborhood is a ranch style home and various outbuildings for agricultural/commercial uses on ±17 acres, then a 15.5-acre parcel with a small, older house. Further to the southeast is a ±16-acre site currently being marketed for sale for residential development with a list price of \$2,850,000 and then there are various large lots with custom homes.

Across Grand Ave. to the west and southwest of the subject neighborhood, extending west toward the foothills, is an area of estate lots, generally 2-acre minimum size with custom homes built from the 1970's to current. At the westerly corner of Grand



**COMMUNITY FACILITIES DISTRICT NO. 2017-2 OF THE  
LAKE ELSINORE UNIFIED SCHOOL DISTRICT (BOULDER CREEK)**





## **GENERAL AREA DESCRIPTION, Continuing**

Ave. and Leslie St. is an 11-acre site purchased by the City in 2018 with plans to construct a park. Current concepts include several athletic fields, sport court, skate park and tot lot with picnic areas and walking paths. To the northwest of the subject neighborhood is the David A. Brown Middle School campus on 26.3 acres and built in the mid-1990s to serve the growing population.

## **LEGAL DESCRIPTION**

The taxable properties are described as Lots 1 through 108 of Tract No. 31667, in the City of Wildomar, County of Riverside, State of California, as per Map recorded in Book 479, Pages 91 through 98 of Maps, in the Office of the County Recorder of said County.

## **ASSESSOR DATA-2023/2024**

The 108 lots comprise the following Assessor Parcel Nos.:

380-500-001 to 008	380-502-001 to 019
380-501-001 to 019	380-510-001 to 062

The current assessed values range from \$32,000 to \$150,000 for land and \$245,381 to \$720,640 for improvements, or totals of \$124,780 to \$795,640 or an average of \$218,475. (Note: The one parcel with a land value of \$32,302 appears to be an aberration.)

The tax rate area is 025-007 which has an indicated tax rate of 1.03570%, but the effective tax rate, including special taxes for this CFD and other overlapping liens, is an average of  $\pm 1.95\%$  based on the appraised average value for the completed-closed homes.

## **NO. OF LOTS/LOT SIZES**

The subject neighborhood comprises a total of 108 single-family lots that are considered as a minimum size of  $\pm 7,200$  s.f., or 70' wide by  $\pm 103'$  deep. It is noted that the lots backing to Grand Ave. and McVicar St. are larger, typically 88-110' wide and  $\pm 103$ -118' deep.

Per Assessor data, the actual lot sizes range from 6,970 s.f. to 13,504 s.f., or an average of 8,958 s.f. However, it is noted that these lot sizes include the 10' wide community trail and landscape easement that is walled off along the rear of Lots 84 to 95; a 20' wide drainage easement that is walled off along the northeast side of Lot 97; and a 4' wide drainage easement that is walled off along the rear of Lots 18, 19 and 20.

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

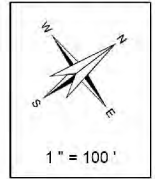
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CITY OF WILDOMAR

T.R.A. 025-007

380-50

380-06

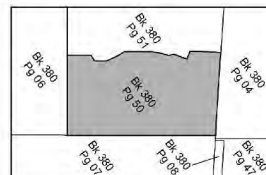


- Legend**
- Lot Lines
  - Right-Of-Way
  - - - Old Lot Lines
  - - - Reference R.O.W
  - - - Other Easements
  - • • • • Lease Area
  - Subdivision Tic Mark



ASSESSOR'S MAP BK380 PG.50  
Riverside County, Calif.

J.Hernandez



**Map Reference \***  
MB 4/174 SD MAP OF BLKS K, L, & M RD. LA LAGUNA  
MB 479/91 - 98 TRACT MAP NO. 31667

Mar 2022

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

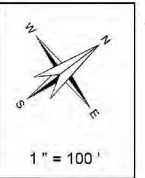
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CITY OF WILDOMAR

T.R.A. 025-007

380-51

380-06



- Legend**
- Lot Lines
  - Right-Of-Way
  - Old Lot Lines
  - Reference R.O.W
  - Other Easements
  - Lease Area
  - Subdivision Tie Mark

GRAND

AVENUE

N 52.51/24 W

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LOT C  
LOT E  
LOT F  
LOT G  
LOT H  
LOT I  
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LOT ZZ

LOT 1  
MORNING  
SONG DRIVE

SUNSET LOT H RIDGE COURT

FIRELIGHT LOT G CIRCLE

FIELDSTONE LOT F COURT

WHISPERING LOT D WAY

POR BLK K

POR 41 EX

OPEN SPACE 109 EX

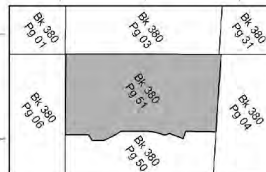
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TR 31667



ASSESSOR'S MAP BK380 PG.51  
Riverside County, Calif.

JHernandez



**Map Reference \***  
MB 4/174 SD MAP OF BLKS K, L, & M R.O. LA LAGUNA  
MB 479/91 - 98 TRACT MAP NO. 31667

Mar 2022

## **STREETS AND ACCESS**

Access to the subject neighborhood is by Grand Ave. and McVicar St. Grand Ave. extends northwest-southeast through this area along the southwest side of the subject neighborhood, with access into the neighborhood at Morning Song Dr. Grand Ave. is a two-lane paved street through this area with left turn lanes at Morning Song Dr. and McVicar St., and along the subject neighborhood it has been fully widened and improved with curb, gutter, sidewalk, landscaped parkway and walking trail, but unfinished along the southwest side.

McVicar St. extends southwest-northeast through this area along the southeast side of the subject neighborhood, with access into the neighborhood at Whispering Way. McVicar St. is a two-lane paved street that has been improved along the subject neighborhood with curb, gutter, sidewalk and landscaped parkway, but is unfinished along the southeast side.

The in-tract streets on which the subject lots front or side and have direct access are Morning Song Dr., Sky Meadow Way, Sunset Ridge Ct., Whispering Way, Firelight Cr., Fieldstone Ct. and Beacon Light Way. These in-tract streets are typical two-lane paved residential streets, with curbs, gutters and sidewalks.

## **UTILITIES**

All utilities are completed to the neighborhood, and have been installed in the in-tract streets as part of the land development. The utilities are provided as follows:

- Water & Sewer: Elsinore Valley Municipal Water District
- Electric: Southern California Edison Company
- Gas: Southern California Gas Company

## **ZONING/GENERAL PLAN/APPROVALS**

The zoning designation for the subject tract is R-1 (One-Family Dwelling Zone) which permits single family residential development on 7,200 s.f. minimum size lots and a lot coverage of no more than 50%. The General Plan designation is MDR (Medium Density Residential) which permits single family residential uses with densities of 2 to 5 dwelling units per acre. These designations permit the residential development that is underway on the subject lots.

Tentative Tract Map No. 31667 was originally approved by the Riverside County Board of Supervisors on November 15, 2005, prior to the incorporation of the City of Wildomar in 2008. Subsequent tract map extensions were approved by the Wildomar Planning Commission, with City Council approval of the final map on September 8, 2021. The approved final tract map for Tract No. 31667 was recorded on September 23, 2021 in Book 479 of Maps, Pages 91-98.

## **SCHOOL DISTRICT/SCHOOLS**

The subject neighborhood is located within the boundaries of the Lake Elsinore Unified School District. It is served by Donald Graham Elementary (1 mile to the northeast); David A. Brown Middle School (just across Grand Ave. to the northwest); and Elsinore High School (2 miles to the north/northwest).

## **TOPOGRAPHY/VIEWS**

The overall subject neighborhood is fairly flat and with a gradual slope down toward the southeast, resulting in the neighborhood being slightly above grade of McVicar St. The lots along the northwest side of the neighborhood are graded slightly higher, and then the land slopes down to the southeast toward the flood control channel. There are no significant or atypical views to any of the lots.

## **DRAINAGE/FLOOD HAZARD**

Drainage is to the streets and in curbs within the neighborhood, with drainage flows southeasterly toward McVicar St. and ultimately to the Wildomar Channel nearby to the northeast. Per FEMA Flood Zone Panel No. 060221-2684G dated August 28, 2008 (and as noted on the Environmental Constraint Sheet of the Tract Map) the northeast part of the land for the overall subject tract is located in Zone AE or within the 100-year floodplain and Special Flood Hazard Area. However, this is the area of the tract that is designated as the open space area.

Beazer Homes obtained a Conditional Letter of Map Revision (CLOMR) approved by FEMA to raise the elevation of the site so it is no longer in the flood plain. Once the project has secured its final phase of building permits, Beazer Homes will process the Letter of Map Revision (LOMR) through FEMA to document that the project has been built out of the flood plain.

## **FIRE HAZARD ZONE**

Per the County of Riverside, the subject neighborhood is not located in a fire hazard zone. This is consistent with the CalFire Fire Hazard Severity Zone map which indicates that the subject neighborhood is not located in a Local or State Responsibility Area.

## **SOIL/GEOLOGIC/SEISMIC CONDITIONS**

According to the Conditions of Approval for Tract Map No. 31667 approved by the Riverside County Board of Supervisors and dated January 23, 2006, there are no known active faults that pass through the subject site and therefore the potential for ground rupture due to fault movement is considered very low. This is consistent with the State of California Alquist-Priolo Fault Zones map which indicates that the subject neighborhood is not within a fault zone, and that the closest known fault runs

## **SOIL/GEOLOGIC/SEISMIC CONDITIONS, Continuing**

northwest/southeast through this area along Palomar St. which is approximately one block to the east. The Conditions of Approval document also indicates that potential for liquefaction and dynamic settlement for the subject site are low. Thus, it has been assumed that there are no soil, geologic or seismic conditions that would negatively impact the valuation of the subject properties.

## **ENVIRONMENTAL CONDITIONS**

The builder has indicated that all environmental approvals have been obtained and all mitigation items are complete. It has been assumed that there are no other environmental conditions, including endangered species or significant habitat, watercourses or wetlands that would have a negative effect on the existing homes, homes under construction or vacant lots.

## **TITLE REPORT**

A Preliminary Report dated as of November 3, 2023 by First American Title Company and covering the parcels owned by Beazer Homes Holdings, LLC has been reviewed. Pertinent exceptions to title include the following:

- Notice of Special Tax Lien for Community Facilities District No. 2017-2 (Lake Elsinore Unified School District) recorded August 7, 2017.
- Notice of Special Tax lien for Community Facilities District No. 2013-1 (Services) recorded October 14, 2021.
- Memorandum of School Facilities Funding and Mitigation Agreement recorded August 8, 2017.
- Various easements for street, public utility, community trail, drainage facility, underground electrical supply systems, communication systems, and incidental purposes.

Tract Map No. 31667 notes the following fee and easement dedications:

- Lot 112 is dedicated to the City of Wildomar in fee as “open space” for public purposes; for park and landscape maintenance purposes.
- Community trail and landscape easement dedicated for public use over a 10’ wide strip of land along the northeast side of Grand Ave. (over the rear 10’ of Lots 84 through 95).
- Drainage easement for construction and maintenance of drainage facility over the rear 4’ of Lots 18, 19 and 20 (portion) and over the northeast 20’ of Lot 97.
- Dedication of access easement for construction and maintenance of flood control facilities and dedication in fee as “park, trail and parking lot for public purposes” over Lots 109, 110 and 111 (6.49 acres along northeast side of subject neighborhood extending to the Wildomar Channel, including 40-50’ wide access to open space between Lots 8 and 9).

These exceptions to title for the Community Facilities Districts, the other agreement, and the various easements are fairly typical for a residential subdivision such as the subject. These items have been incorporated into the approvals and the tract map for the neighborhood so as to provide for the lots to be developable with homes that have been completed and with construction currently ongoing.



## **RESIDENTIAL MARKET OVERVIEW**

Interest rates and inventory are the current watchwords for the national housing market in Fall 2023. With most U.S. borrowers paying less than 4% interest on existing home mortgage loans, only sellers with a high incentive or need to sell are listing their properties for sale resulting in record low inventory. And higher interest rates, which have more than doubled since 2021 and are heavily influenced by Federal Reserve Board actions to curb inflation, have put significant pressure on buyer affordability.

According to data provided by Freddie Mac, mortgage interest rates reached an historic, all-time low of 2.65% on a 30-year fixed mortgage in January 2021. In the first week of January 2022, the average rate on a 30-year fixed loan was 3.22% and a year later it had doubled, reaching 6.48%. Rates rose above 7.0% in mid-August 2023 and peaked at 7.79% for week ending October 26, before gradually falling to 7.22% at the end of November and clocking in at 6.95% for week ending December 14. The decrease in rates over the last month and a half has come as welcome relief to buyers and market participants, and positive numbers on inflation have the Federal Reserve Board contemplating rate cuts in 2024.

Home sales figures for October 2023 released by CoreLogic (the most recent available) show an annual decrease in sales volume but increase in median sale price across Southern California. A total of 13,293 new and existing home sales were recorded in October 2023 in Southern California, up from 13,051 in September but down 8% year over year. The median sale price in October for the six-county region was \$735,000, up 4.3% year over year and within \$15,000 of the all-time high of \$750,000 recorded in April 2022. More recent November numbers available through Zillow report an average sale price of \$829,557 across Southern California, down from \$831,080 in October. This decrease in average sale price reflects both seasonal sales trends and also rising interest rates through the Fall.

According to CoreLogic, a total of 2,524 sales were recorded of new and existing single family homes and condos in Riverside County in October 2023, minimally down from 2,544 in September but down 5.7% year over year. The median sale price of \$553,000 was up from \$547,500 in September, representing a 1.5% increase from October 2022 but still down from the all-time high of \$581,500 reported in August 2022.

In the City of Wildomar, according to Redfin, there were a total of 20 homes sold in October 2023, down from 29 in October 2022. The median price was \$620,707, up 3.6% year over year and on average it took a home 35 days on the market to sell, down from an average of 50 days in October 2022.

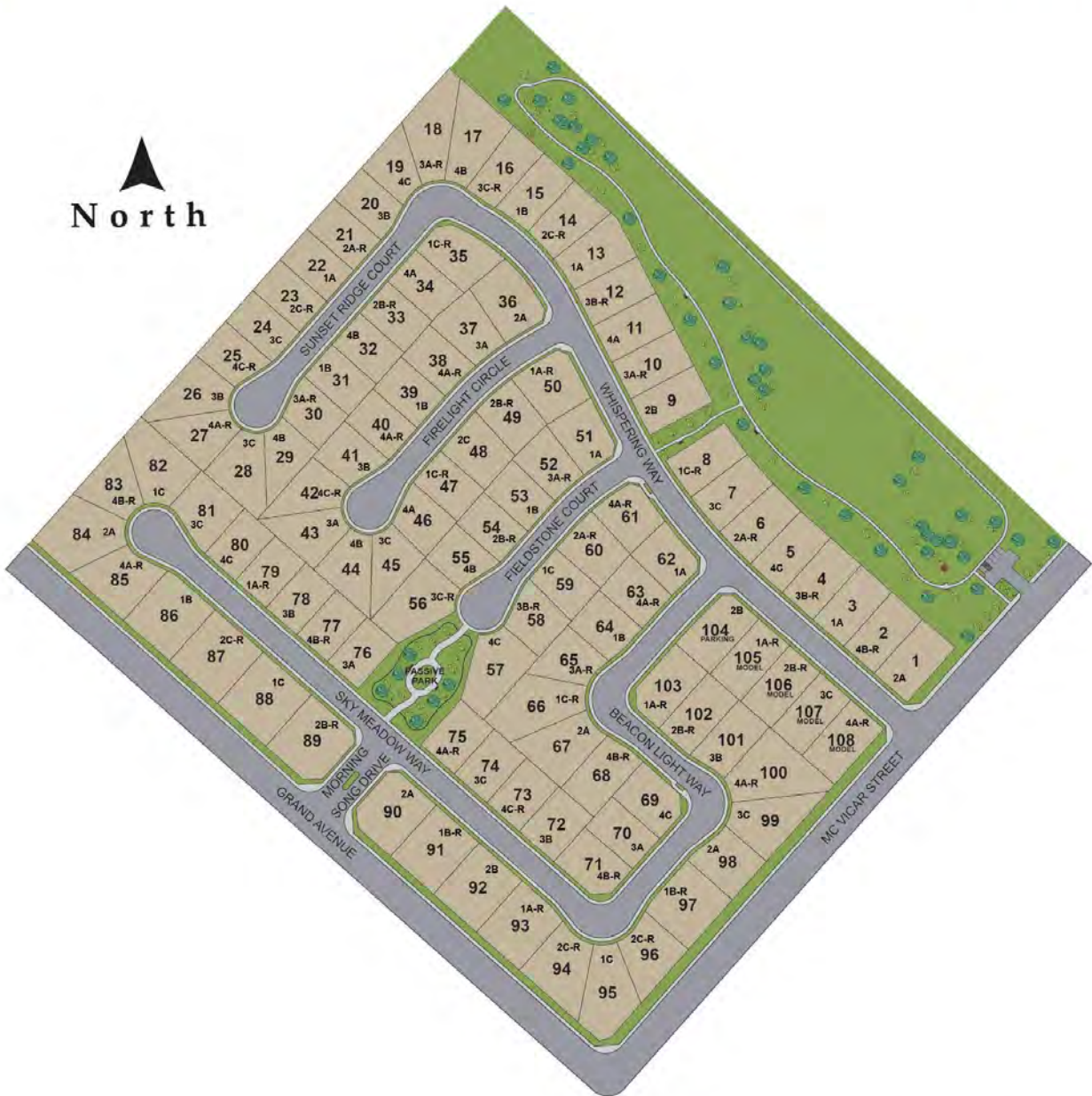
More specific to the subject Boulder Creek neighborhood, sales rates have been good with 51 closed builder sales from September 2022 through November 2023. In

## **RESIDENTIAL MARKET OVERVIEW, Continuing**

addition, as of December 1, 2023 there were 27 pending builder sales that were due to close from the latter part of December 2023 through mid-May 2024.

Market experts have varying opinions as to future increases or decreases in home prices and market activity in the coming year. While some cite population estimates and a coming wave of 26 to 34-year olds poised to enter the home-buying market, others note the rising costs of living and narrowing affordability (according to the California Association of Realtors, only 19% of households in Riverside County could afford to buy a median-priced home during the third quarter of 2023). Positive data regarding decelerating inflation and possible rate cuts by the Federal Reserve Board in 2024 have given many reason for optimism. As 2023 concludes, analysts will continue to keep an eye on issues of affordability, interest rates, inflation and recession concerns, and ongoing geopolitical uncertainties.

# BOULDER CREEK



This drawing is conceptual only and for the convenience of reference. It is intended to be used for informational purposes only. It is not to scale and should not be relied upon as representation, express or implied, of the final size, location, features or dimensions of any home, building area, amenity or green space. Beazer Homes expressly reserves the right, without notice, to make any modification, revisions and changes it deems desirable in its sole and absolute discretion or as may be required by law or governmental bodies. Floor plans may not fit on all home sites since each one is unique. Available home site terms are correct as of the date of publication and subject to change without notice. This is not a depiction of a municipality approved plan. Review the municipality approved plan sets for details. ENERGY STAR and the ENERGY STAR mark are registered trademarks owned by the U.S. Environmental Protection Agency. © 2022 Beazer Homes. 11/17/2022

## DESCRIPTION OF HOMES/STATUS OF CONSTRUCTION

These 108 lots are being developed by Beazer Homes with a neighborhood of homes called Boulder Creek. As of the December 1, 2023 date of value, there were 51 completed-closed homes (closed builder sales); 6 completed-unclosed homes (including the 4 models); 31 homes under construction of which 5 were estimated to be  $\pm 90\%$  completed, 20 were estimated to be an average of  $\pm 30\%$  completed, and 6 were to be in the very early stage of construction; and 20 vacant lots of which 18 lots were in near finished condition and 2 lots needed additional fill and grading.

(Note: The 51 completed-closed homes are Lots 18 to 61, 76, 77, 79, 80 & 87 to 89; the 6 completed-unclosed homes are Lots 78, 86 & 105 to 108; the 5 homes at  $\pm 90\%$  completion are Lots 81 to 85; the 20 homes at  $\pm 30\%$  completion are Lots 69 to 75 & 90 to 102; the 6 homes in the early stage of construction are Lots 64 to 68 & 103; and the 20 vacant lots are Lots 1 to 17, 62, 63 & 104).

There are four floor plans, and per marketing information these plans are described as follows:

**Plan 1 (Bellflower):** 2,316 to 2,328 s.f., single-story, with 4 bedrooms or 3 bedrooms plus office, 2 baths, great room-kitchen-dining area, and laundry; plus 3-car garage and covered front porch.

**Plan 2 (Chicory):** 2,599 s.f., single-story, with 4 bedrooms or 3 bedrooms plus study, 2.5 baths, office, great room-kitchen-dining area, and laundry; plus 3-car tandem garage and covered front porch; optional small office and large walk-in pantry or larger office and smaller walk-in pantry.

**Plan 3 (Larkspur):** 3,053 s.f., two-story, with 5 bedrooms or 4 bedrooms plus loft and 3 baths; the ground floor includes great room-kitchen-dining area, bedroom, bath and office, plus 3-car tandem garage and covered front porch; the second floor includes 4 bedrooms or 3 bedrooms plus loft, 2 baths, and laundry.

**Plan 4 (Star Grass):** 3,462 to 3,463 s.f., two-story, with 5 bedrooms and 3 baths; the ground floor includes great room-kitchen-breakfast area, dining room with smaller walk-in pantry or study and larger walk-in pantry, bedroom and bath, plus 3-car garage and covered front porch; the second floor includes 4 bedrooms, loft, 2 baths and laundry.

Per building permit data, the 57 completed homes have floor plan sizes of 2,316 and 2,328 s.f. for Plan 1; 2,599 s.f. for Plan 2; 3,053 s.f. for Plan 3; and 3,462 s.f. for Plan 4. The average sizes are 2,935 s.f. for the 51 completed-closed homes and 2,802 s.f. for the 6 completed-unclosed homes.

## AMENITIES/HOA

The neighborhood includes a  $\pm 1/2$ -acre park that is centrally located along Sky Meadow Way at the southwest end of Fieldstone Ct. It is City-owned and maintained and is improved with grass areas, various trees, walkway through the center and several benches. In addition, there is a landscaped walkway from

## **AMENITIES/HOA, Continuing**

Whispering Way, opposite Fieldstone Ct., to the City-owned and maintained open space area along the northeast side of the neighborhood which includes a walking trail through this area.

There is an HOA for the subject neighborhood with current monthly dues of \$27.00 per lot. These dues cover common area items of entry monument, mailboxes, graffiti removal, taxes, insurance and administrative items.

## **HIGHEST AND BEST USE**

The term highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Furthermore, the highest and best use of land or a site as though vacant is defined as among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination.

In terms of legal permissibility, single-family residential development is permitted by the zoning/General Plan designations, and by the recorded final tract map for the subject neighborhood. In terms of physical possibility, the lots within the subject neighborhood have been graded to fairly flat buildable pads, and with all needed infrastructure of streets and utilities completed for the home construction.

In terms of the financial feasibility, as previously discussed in the Residential Market Overview, the current residential market conditions still evidence good demand for new and resale homes in this general area, with prices generally stable to slightly increasing. The demand and pricing factors are also evident by the home sales activity in the subject neighborhood, including the closed and pending builder sales.

In terms of the maximum productivity, this is represented by the homes that have been and are being built on the subject lots, with an appropriate array of home sizes, floor plans and pricing.

In summary, the highest and best use is concluded to be as improved for the completed homes, and as planned for the homes under construction and the remaining vacant lots.

## VALUATION

### METHOD OF ANALYSIS

The analysis of the completed-closed homes is of the aggregate value on a mass appraisal basis, and by means of the Sales Comparison Approach. Consideration is given to the builder sales of the subject homes; resales of the subject homes; recent sales of other homes in the general area; and new-home pricing from other active projects. For the completed-unclosed homes, the analysis considers a discount due to the bulk ownership by the builder with the discount reflecting holding/sales costs, minor finishing costs and profit in order to sell off the homes.

For the homes under construction, a simplified Cost Approach is used in which the value is based on an estimate of construction costs expended plus the estimated value of the vacant lot as if in finished condition. The analysis of the vacant lots as if in finished condition is based on the Sales Comparison Approach, considering recent sales of residential land or bulk lots in the general area.

### ANALYSIS OF COMPLETED-CLOSED HOMES

Builder Sales of Subject Homes: The builder sales of these 51 completed homes closed from September 7, 2022 through November 13, 2023 at net sale prices ranging from \$546,662 to \$780,640, or an average of \$680,386 for the average home size of 2,935 s.f., or \$231.82 per s.f. It is noted that the net sale price includes the base price plus option revenue and lot premiums, less or net of price and option discounts and closing cost incentive. The option revenue averaged \$61,726, the lot premium averaged \$19,639, the price discount averaged -\$20,202, the option discount averaged -\$10,912, and the closing cost incentive averaged -\$13,972.

The sale dates, or when the sales were negotiated (not the closing dates), ranged from April 30, 2022 through July 23, 2023, with the closing dates previously noted from September 2022 through November 2023. Based on the sale dates, the changes in average pricing over this period of time, allocated to the sales in different time periods, are shown in the following table:

<u>No. of Sales</u>	<u>Time Frame (Sale Dates)</u>	<u>Avg. Net Price</u>	<u>Avg. Size (s.f.)</u>	<u>Price/s.f.</u>	<u>Avg. Total Disc./Incentives</u>
51	April'22-July '23	\$680,386	2,935	\$231.82	\$45,086
13	Apr-Aug'22	\$661,212	2,860	\$231.19	\$62,206
9	Sep-Dec'22	\$663,694	2,867	\$231.49	\$63,437
16	Jan-Mar'23	\$679,996	2,860	\$237.76	\$33,400
13	Apr-Jul'23	\$711,596	3,150	\$225.90	\$29,648

Considering the similarity as well as the difference in average sizes for the different segments, it is evident that the average net price has been increasing during 2023, and also reflecting the significant decrease in the average amount of total discounts

## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

and incentives during that time period. Thus, the indication at \$680,386 supports a firm lower limit as an average value for the 51 homes due to the dates of sale for many of the sales. In addition, the 16 sales negotiated from January through March 2023 would support a firm lower limit for the 51 homes at \$679,996 due to the smaller average size of 2,860 s.f., and conversely due to the smaller average size the indication at \$237.76 per s.f. supports a firm upper limit as follows:

$$2,935 \text{ s.f. @ } \$237.76/\text{s.f.} = \$697,826$$

Lastly, the 13 sales negotiated from April through July 2023 support a firm upper limit at \$711,596 due to the larger average size of 3,150 s.f., and due to the larger size the indication at \$225.90 per s.f. supports a firm lower limit as follows:

$$2,935 \text{ s.f. @ } \$225.90/\text{s.f.} = \$663,017$$

As of December 1, 2023 there were 27 pending builder sales that were negotiated from April 22 through November 18, 2023 and were scheduled to close from December 22, 2023 through May 20, 2024. The net sale prices indicate the higher range from \$627,735 to \$849,916 or an average of \$728,468 and for a smaller average home size of 2,807 s.f., or \$259.52 per s.f. However, the much lower average amount of \$14,726 for total discounts and incentives may not yet reflect the final negotiated amounts for these factors. An allocation of the pricing by sale date is shown in the following table:

<u>No. of Sales</u>	<u>Time Frame (Sale Dates)</u>	<u>Avg. Net Price</u>	<u>Avg. Size (s.f.)</u>	<u>Price/s.f.</u>	<u>Avg. Total Disc./Incentives</u>
27	Apr-Nov'23	\$728,468	2,807	\$259.52	\$14,726
13	Apr-Jul'23	\$725,995	2,749	\$264.09	\$15,152
14	Aug-Nov'23	\$730,765	2,861	\$255.42	\$14,331

The allocation indicates that there has not been significant change in pricing during the period from April through November 2023. Considering the average size of 2,935 s.f. for the 51 completed-closed homes, the indication at \$728,468 would tend to support a firm lower limit of average value due to the smaller average size, and conversely due to the smaller average size the indication at \$259.52 per s.f. would support a firm upper limit of average value as follows:

$$2,935 \text{ s.f. @ } \$259.52/\text{s.f.} = \$761,691$$

It is noted that less weight is given to the pending sales since they are not yet closed, since the net pricing may not yet reflect final amounts for the factors of discounts and incentives, and since many of the sales are not scheduled to close until February through May 2024. However, it is considered that the pending sales do tend to indicate that prices have continued to increase since the closed sales.

## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

Resales of Subject Homes: There have been no closed or pending resales of the subject homes thus far. However, Lot 46 (36288 Firelight Cr.) was listed in early July 2023 at \$779,000 and was still available at that asking price as of December 1, 2023. The builder sale was negotiated on February 2, 2023 and closed on June 23, 2023 at the net price of \$682,925. The resale listing indicates that the home has not been lived in and the backyard has been fully landscaped.

It is noted that the asking price indicates a 14% increase over the builder sale price, and this could be due to additional buyer upgrades including backyard landscaping as well as perceived upward value trend. However, absent a closed or pending resale, this is considered as only general information.

Resales of Homes from Nearby Neighborhoods: Next, recent resales of homes in the westerly part of Wildomar have been considered, and are shown in the following table:

<u>No.</u>	<u>Address</u>	<u>COE Date</u>	<u>Price</u>	<u>Home Size</u>	<u>Yr. Blt</u>	<u>BR/ BA</u>	<u>Stories/ Garages</u>	<u>Lot Size</u>	<u>Comments</u>
1	35982 Banyan Rim Dr.	9/1/23	\$639,000	2,844	2006	4/3	2 3	7,405	Upgraded; \$47 HOA; .53% special assessments
2	23418 Platinum Ct.	9/21/23	\$890,000	2,820	2016	5/3.5	1 3	±11,000	Well upgraded; pool/spa; \$90 HOA; .48% special assessments
3	21711 Amaryllis Ct.	10/17/23	\$660,000*	3,200	2005	5/4	2 3	7,405	Avg cond; \$15k to closing costs; \$62 HOA; .50% special assessments
4	21122 Saratoga Dr.	10/24/23	\$630,000	2,480	2022	3/2.5	1 3T	11,326	Backs busy street; avg. cond; no rear landsc; \$82 HOA; .70% spec. assess.
5	20482 Fox Den Rd.	11/13/23	\$781,368*	2,789	2007	4/2	1 2	22,651	Pool/spa; \$17,632 to rate buydown; \$48 HOA; .28% special assessments
6	23319 Buena Ct.	11/17/23	\$695,000	3,210	2006	5/3.5	2 3	8,276	Avg/some upgrades; \$47 HOA; .55% special assessments
7	22677 Rolling Brook Ln.	Escrow	\$680,000	3,274	2017	4/2.5	2 2	7,841	Upgraded; \$78 HOA; .65% special assessments
8	21622 Pumice Ln.	Escrow	<u>\$685,000</u>	<u>3,314</u>	2006	5/3	2 3T	9,583	Average condition; \$84 HOA; .41% special assessments
		Avg.	\$707,546	2,991					Avg: \$236.56 per s.f.

\*Net of concessions

In comparison to the subject completed-closed homes, these sales are slightly larger at the average size of 2,991 s.f. in contrast to 2,935 s.f.; the age from 1 to 18 years, but mostly 6 to 18 years is inferior to the subject as new to just over 1 year old; the sales are similar with a mix of 1 and 2-story floor plans, but several are inferior with 2-car garages; the lot sizes are slightly larger on average; the condition ranges from



## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

inferior to superior; and the effective tax rates including special assessments are lower. Overall, it is concluded that these resales support a close upper limit indication of average value at \$707,546 for the subject completed-closed homes.

Other New-Home Pricing: Lastly, a survey was made of current pricing in other new-home neighborhoods in the general area, which is shown in the following table along with the base pricing of the subject homes:

<u>Project</u>	<u>Min. Lot Size</u>	<u>CFD</u>	<u>Floor Plan</u>	<u>Stories</u>	<u>Garage</u>	<u>Base price</u>
Boulder Creek (Beazer Homes)	7,200 s.f.	Yes	2,316 s.f.	1	3	\$649,990
Wildomar			2,599 s.f.	1	3T	\$679,990
			3,053 s.f.	2	3T	\$674,990
			3,462 s.f.	2	3	\$709,990
Verano (KB Home)	7,500 s.f.	Yes	1,508 s.f.	1	2	\$559,990
Wildomar			1,586 s.f.	1	2	\$566,990
			1,860 s.f.	1	2	\$590,990
			2,238 s.f.	1	2	\$617,990
Crimson Hills (KB Home)	5,000 s.f.	Yes	1,551 s.f.	1	2	\$554,990
Lake Elsinore			1,751 s.f.	1	2	\$571,990
			2,035 s.f.	1	2	\$590,990
			2,206 s.f.	1	2	\$608,990
			2,528 s.f.	2	2	\$632,990
			2,882 s.f.	2	2	\$659,990
Running Deer Estates (Richmond American)	6,000 s.f.	Yes	2,010 s.f.	1	2	\$579,990
Lake Elsinore			2,190 s.f.	1	2	\$614,990
			2,290 s.f.	1	2	\$626,990
			2,480 s.f.	1	2	\$640,990
Highland at Nichols Ranch (Meritage Homes)	4,500 s.f.	Yes	2,320 s.f.	2	2	\$604,000
Lake Elsinore			2,521 s.f.	2	2	\$624,000
			2,771 s.f.	2	2	\$637,000
			2,948 s.f.	2	2	\$654,000
Noble at Audie Murphy Rch. (Richmond American)	7,200 s.f.	Yes	2,270 s.f.	1	2	\$620,990
Menifee			2,610 s.f.	1	2	\$669,990
			2,780 s.f.	1	3	\$696,990
			3,130 s.f.	1	3	\$717,990

It is noted that most of these projects have smaller floor plans than the subject homes, tending to result in a lower price for the larger plans; three of the projects have slightly to much smaller lots; the projects range from inferior to superior as to the desirable 1-story floor plans; and most have the inferior factor of all or partly 3-car garages. The locations are considered to range from slightly inferior to slightly superior to the subject. Overall, considering these factors, it is concluded that the pricing is generally supportive of the base pricing for the subject homes.

## **ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing**

Conclusion: In summary, the indications of average value for the subject homes from the closed builder sales are firm lower limits from \$663,017 to \$680,386 and firm upper limits at \$697,826 and \$711,596; from the pending builder sales are a firm lower limit at \$728,468 and a firm upper limit at \$761,691; from the resales in nearby neighborhoods is a close upper limit at \$707,546; and the other new-home pricing is generally supportive of the current subject pricing.

Greatest weight is given to the closed builder sales of the subject homes, with the pending builder sales supporting at least a minor upward time adjustment over the past 6 to 12 months. The conclusion is an average value of \$700,000 for the 51 completed-sold homes.

## **ANALYSIS OF COMPLETED-UNCLOSED HOMES**

These 6 homes consist of 2 production homes (1 with a pending builder sale due to close in January 2024) and the 4 model homes. The average size is 2,802 s.f. which is smaller than the average size of 2,935 s.f. for the completed-closed homes. Thus, the conclusion of \$700,000 for the completed-closed homes supports a firm upper limit for the completed-unclosed homes, but the indication at \$238.50 per s.f. supports a firm lower limit as follows:

$$2,802 \text{ s.f. @ } \$238.50/\text{s.f.} = \$668,277$$

The initial conclusion for the completed-unclosed homes is an average of \$685,000. Then, a discount of 20% is made due to being part of the bulk ownership by the builder and reflecting sell-off time, holding/sales costs, minor finishing costs and profit. This results in the discounted average value rounded to \$550,000 for these 6 homes.

## **ANALYSIS OF HOMES UNDER CONSTRUCTION**

For the 5 homes that were estimated to be an average of  $\pm 90\%$  completed, I have considered a cost amount of 90% of direct costs indicated to be an average of  $\pm \$114.00$  per s.f., or \$102.60 per s.f. This is applied to the average home size of 2,981 s.f. for these 5 homes, or an amount of \$305,851. This is added to the estimated value of \$199,527 for the vacant lot (as discussed in the following Analysis of Vacant Lots, \$265,000 per finished lot less \$65,473 per lot allocation of land development costs to get to finished lot condition), resulting in a total of \$503,378, rounded to \$505,000 as an average for these 5 homes.

For the 20 homes that were estimated to be an average of  $\pm 30\%$  completed, a cost amount of 30% of direct costs indicated to be an average of  $\pm \$114.00$  per s.f. or \$34.20 per s.f. is applied to the average home size of 2,873 s.f. for these 20 homes. This results in an amount of \$98,257 which is added to the vacant lot value of

## ANALYSIS OF HOMES UNDER CONSTRUCTION, Continuing

\$199,527 for the vacant lot (as previously discussed), resulting in a total of \$297,784, rounded to \$300,000 as an average for these 20 homes.

For the 6 homes that were in the early stage of construction, the value is based on vacant lot value of \$199,527 as previously discussed, or a rounded amount of \$200,000 for these 6 homes.

## ANALYSIS OF VACANT LOTS

The pertinent land sales data is shown in the following table, with discussion and analysis of the data thereafter.

<u>No.</u>	<u>Location/APN</u>	<u>Rec. Date</u>	<u>No. Lots Min Size</u>	<u>Price/Lot Price/Fin Lot</u>	<u>Remarks</u>
1	E'ly side Alberhill Ranch Rd., S'ly from Nichols Rd., Lake Elsinore 389-090-015 & ptns 389-121	5/11/22	344 6,000	\$107,723 \$220,000	Unimproved hilly land with approved final tract map; part of Alberhill Ranch community
2	W/S Evans Rd., ±.25 mile N/O Ramona Expressway, Perris 302-150-049 & 050	11/1/22	90 6,000	\$54,517 \$220,000	Part of Stratford Ranch community; vacant land in unimproved condition with approved map
3	SW/S Palomar St. at Starbuck Cr., Wildomar 380-160-017,018; 380-210-003 et al	6/9/23	117 7,200	\$59,829 \$265,000	Vacant, fairly flat land in unimproved condition; approved final map; project to be Avalino by D.R. Horton with 1,898-3,015 s.f. homes
4	NW/S Winchester Rd. NE/O Jean Nicolas Rd., French Valley 480-160-023	8/4/23	154 Det. Condo	\$48,701 \$213,000	Vacant, gently sloping land; planned for a detached condo project with 1,610-2,577 s.f. homes
5	W/S Ynez Rd. to E/S Date St., N/O 15 Freeway, Temecula 916-400-051, 052, 053 & 070	8/29/23	237 Det. Condo	\$156,118 \$268,257	Prado at Harveston project; vacant land planned for detached condo/cluster-lot project with 1,410-1,857 s.f. homes
6	N/S Holland Dr., Southshore Dr. east to Briggs Rd., Menifee 364-200-009	Escrow	233 6,000	n/a ±\$250,000	Nautical Cove; vacant land in unimproved cond. with approved tent. tract map; to be gated comm. with ±12-acre lake and many amenities
7	NEC Leon Rd. & Craig Ave., Menifee area/Unincorp. 466-310-026 ptn	Escrow	146/147 5,000	n/a ±\$230,000	Canterwood Phase 4; vacant land in unimproved condition; to be two takedowns; each with app'd tentative tract map and grading permit
8	E/S Wildomar Trail, 580' N/O Clinton Keith Rd., Wildomar 362-250-001 & 026	Offers	77 Small-lot to ±6,000	n/a ±\$200,000- \$220,000	Wildomar Ridge; vacant land in unimproved condition with app'd tent. tract map; 66 small-lot/cluster lots and 11 lots at ±6,000 s.f. min.

**Data No. 1** is located on the easterly side of Alberhill Ranch Rd. extending southerly from Nichols Rd. in Lake Elsinore, which is part of the developing Alberhill Ranch community. This was the sale of unimproved and hilly land with an approved final tract map for 344 lots, 6,000 s.f. minimum size. The sale to Pulte Home Company, LLC closed in May 2022 at the price of \$37,056,914 or \$107,723 per lot, based on

## ANALYSIS OF VACANT LOTS, Continuing

an estimate of \$220,000 per finished lot. The lots are now being developed with four product types of homes ranging from 1,959 s.f. to 3,337 s.f. with pricing from the mid \$500,000's to low \$600,000's.

In comparison to the subject, the date of sale/market conditions is slightly inferior; the location is considered to be slightly inferior; the minimum lot size of 6,000 s.f. is smaller; and the unimproved physical condition at time of sale was inferior to the subject condition of near-finished lots in terms of time and risk. The inferior location and smaller lots result in the smaller and lower-priced homes being built on these lots. Overall, upward adjustments for the various inferior factors results in a far lower limit indication of value for the subject lots at \$220,000 per finished lot.

**Data No. 2** is located on the west side of Evans Rd.,  $\pm$ .25 mile north of Ramona Expressway in Perris, and part of the Stratford Ranch planned community of over 900 homesites. This was the sale of vacant and unimproved land for 90 lots, 6,000 s.f. minimum size, and with an approved final tract map. The sale to Pulte Home Company, LLC was negotiated in 2021 and closed in November 2022 at the price of \$4,906,500 or \$54,517 per lot, based on an estimate of \$220,000 per finished lot. It is noted that Pulte Homes has three other product types of homes in Stratford Ranch with homes from 2,103 s.f. to 3,379 s.f. and current pricing from the mid \$500,000's to the low \$600,000's.

In comparison to the subject, the date of sale/market conditions is slightly inferior; the location is considered to be inferior; the 6,000 s.f. minimum lot size is smaller; and the unimproved physical condition at time of sale was inferior in terms of time and risk. The inferior location and smaller lots results in slightly smaller but much lower-priced homes being built on these lots. Overall, downward adjustments for the various inferior factors results in a far lower limit indication of value for the subject lots at \$220,000 per finished lot.

**Data No. 3** is located on the southwest side of Palomar St. at Starbuck Cr. In Wildomar, and adjacent to the north of Murrieta. This was the sale of vacant, fairly flat and unimproved land for 117 lots, 7,200 s.f. minimum size, and with an approved final tract map. The sale to D.R. Horton Los Angeles Holding Company, Inc. was reported to be negotiated in 2022 and closed in June 2023 at the price of \$7,000,000 or \$59,829 per lot, based on an estimate of \$265,000 per finished lot. The project is referred to as Murrieta Creek Estates, and D.R. Horton is planning the neighborhood of homes to be called Avalino, with homes to range in size from 1,898 s.f. to 3,015 s.f.

In comparison to the subject, the date of sale/market conditions is slightly inferior; the location is considered to be slightly superior; the 7,200 s.f. minimum lot size is similar; and the unimproved physical condition at time of sale was inferior in terms of time and risk. It is noted that the planned homes are slightly smaller in size to the

## ANALYSIS OF VACANT LOTS, Continuing

subject homes, but pricing is not known. Overall, upward adjustments for the inferior date of sale/market conditions and physical condition are partly offset by a downward adjustment for the superior location, resulting in a close lower limit indication of value for the subject lots at \$265,000 per finished lot.

**Data No. 4** is located on the northwest side of Winchester Rd./Hwy. 79, nearby to the northeast of Jean Nicolas Rd., in the unincorporated French Valley area. This was the sale of vacant, unimproved and gently sloping land with entitlements for a project of 154 detached homes in a condominium plan. There are to be 90 homes ranging in size from 1,610 s.f. to 2,027 s.f. and 64 homes ranging in size from 1,862 s.f. to 2,577 s.f. The sale to Lennar Homes was negotiated in early 2022 and closed in August 2023 at the cash price of \$7,500,000 or \$48,701 per lot, with finished lots estimated at \$213,000 per lot.

In comparison to the subject, the date of sale/market conditions is slightly inferior; the location is slightly superior; the much smaller minimum lot size of the condominium plan is far inferior; and the unimproved physical condition of the land at time of sale was inferior. It is noted that the planned homes are much smaller in size to the subject homes, and likely will be much lower in price. Overall, upward adjustments for the inferior factors are only slightly offset by a downward adjustment for the superior location, resulting in a far lower limit indication of value for the subject at \$213,000 per finished lot.

**Data No. 5** is located on the west side of Ynez Rd., extending west to Date St. and south from the future extension of Equity Dr., and nearby to the north of the 15 Freeway in Temecula. This location is in the Residential Overlay area of the master-planned community of Harveston. The property consists of vacant, fairly flat and unimproved land with entitlements for a project to be called Prado at Harveston, consisting of 237 detached homes in a condominium plan. This is to be a gated neighborhood with significant amenities, with homes to range in size from 1,410 s.f. to 1,857 s.f., and proforma average pricing of \$611,243. The sale to Meritage Homes was negotiated in March/April 2023 and closed in August 2023 at the price of \$37,000,000 or \$156,118 per lot, with finished lots estimated at \$268,257 per lot.

In comparison to the subject, the date of sale/market conditions is fairly similar; the location in the core area of Temecula is far superior; the much smaller minimum lot size of the condominium plan is far inferior; and the unimproved physical condition of the land at time of sale was inferior. It is also noted that there was strong demand for this deal with 10 or more offers, resulting in the price being bid up, and the buyer likely motivated by having their nearby active Heirloom Farms project. Overall, a significant downward adjustment for the superior location is mostly offset by upward adjustments for the inferior minimum lot size and physical condition, resulting in a fairly close indication of value for the subject at \$268,257 per finished lot.

## ANALYSIS OF VACANT LOTS, Continuing

**Data No. 6** is located on the north side of Holland Dr., extending from Southshore Dr. east to Briggs Rd. in Menifee. The project is called Nautical Cove and consists of vacant land in unimproved condition, with an approved tentative tract map for 233 lots, 6,000 s.f. minimum size. It is to be a gated community with a  $\pm 12$ -acre lake as the focal point, plus community clubhouse, pool, spa, sport courts, parks and open space. The pending sale to KB Home is due to close in March 2024 but it could push back slightly, and is based on a price of  $\pm \$250,000$  per finished lot.

In comparison to the subject, the date of sale/market conditions is similar; the location is considered to be fairly similar; the smaller minimum lot size is slightly inferior; the unimproved physical condition of the land at time of sale is inferior; but the higher end product with substantial amenities and lake frontage premiums is superior. Overall, upward adjustments for the inferior factors of minimum lot size and unimproved physical condition are partially offset by a downward adjustment for the superior quality and amenities of the planned project, resulting in a close but firm lower limit indication of value for the subject at  $\pm \$250,000$  per finished lot.

**Data No. 7** is located at the northeast corner of Leon Rd. and Craig Ave. in the Menifee area but unincorporated County. This property is referred to as Phase 4 of the larger project known as Canterwood, and consists of vacant land in unimproved condition. This pending sale to KB Home is to take place in two takedowns, 53 lots and 93 or 94 lots, 5,000 s.f. minimum size, with approved tentative tract maps and grading permits. The sale price is based on  $\pm \$230,000$  per finished lot, with the first takedown of 53 lots to close in May 2024 and the second takedown to close 9 months later.

In comparison to the subject, the date of sale/market conditions is similar; the location is considered to be slightly inferior; the smaller minimum lot size is inferior; and the unimproved physical condition of the land at time of sale is inferior. Overall, upward adjustments for the various inferior factors results in a far lower limit indication of value for the subject at  $\pm \$230,000$  per finished lot.

**Data No. 8** is located on the east side of Wildomar Trail, 580' north of Clinton Keith Rd. in Wildomar. This project is called Wildomar Ridge and consists of vacant and slightly sloping/undulating land in unimproved condition, with an approved tentative tract map for 77 lots of which 11 lots are  $\pm 6,000$  s.f. minimum and 66 lots are small-lot/courtyard/cluster type lots. Offers have recently been received on this site and broker input is that the probable sale price basis will be in the range of \$200,000 to \$220,000 per finished lot.

In comparison to the subject, the date of sale/market conditions is similar; the location is considered to be fairly similar; the much smaller minimum lot size for most of the lots is far inferior; and the unimproved physical condition of the land at time of sale is inferior. Overall, upward adjustments for the various inferior factors

## ANALYSIS OF VACANT LOTS, Continuing

results in a far lower limit indication of value for the subject in the range of \$200,000 to \$220,000 per finished lot.

In summary, on a finished lot basis the analysis of the data supports far lower limit indications of value from \$200,000 to  $\pm$ \$230,000; a close but firm lower limit indication at  $\pm$ \$250,000; a close lower limit indication at \$265,000; and a close indication at \$268,257.

An alternative analysis is by the finished lot ratio, which is calculated by the finished lot price divided by the projected or proforma average home price. As previously indicated, Data No. 5 indicated a ratio of 44%, though that is considered to be on the high side, likely reflecting the desirable location, affordable-priced product and the buyer's nearby active project. Other data supports a more typical finished lot ratio in the range of 36-38%, and applied to an average home price of \$700,000 (average value previously concluded for the completed-closed homes), the resulting indication is as follows:

$$\$700,000 \times .36-.38 = \$252,000 \text{ to } \$266,000/\text{finished lot}$$

The conclusion for the subject lots is \$265,000 per lot if in finished condition.

Then, a deduction is made for the remaining land development costs plus fees to get all lots to a fully finished condition. Per information provided by the builder, the remaining total costs are \$3,339,108, not including any costs that are assumed will be reimbursed by the CFD bond funds. The primary cost categories include bonding & LC fees, soil engineering/testing, other consultants, survey, non-refundable clear & grade, non-refundable storm drain, non-refundable curb & gutter, base & binder/paving extras, street lighting, sidewalks, boundary walls & fences, electric, landscaping & irrigation, trenching-utilities, repair & replace, traffic signal, and contingency.

These total costs are allocated over the 20 vacant lots and the 31 homes under construction, or an allocation of \$65,473 per lot over these 51 lots.

Thus, relative to the 20 vacant lots, the deduction is \$65,473 per lot from the estimated finished lot value of \$265,000, resulting in an as is value of \$199,527 per lot. This results in the following:

$$20 \text{ lots @ } \$199,527/\text{lot} = \$3,990,540$$

$$\text{Rounded} \quad \$3,990,000$$

## CONCLUSION OF VALUE

Based on the foregoing, the total value indication for the subject Boulder Creek neighborhood in its as is condition, is calculated as follows:

51 completed-closed homes @ \$700,000 =	\$35,700,000
6 completed-unclosed homes @ \$550,000 =	\$ 3,300,000
5 homes, ±90% completed @ \$505,000 =	\$ 2,525,000
20 homes, ±30% completed @ \$300,000 =	\$ 6,000,000
6 homes, early stage of const. @ \$200,000 =	\$ 1,200,000
20 vacant lots =	<u>\$ 3,990,000</u>
Value Indication, As Is Condition:	\$52,715,000

Thus, as the result of this analysis, I have arrived at the following overall conclusion of market value for the as is condition of the subject Boulder Creek neighborhood, subject to the Assumptions and Limiting Conditions, and as of December 1, 2023:

**\$52,715,000**

**(FIFTY-TWO MILLION SEVEN HUNDRED FIFTEEN THOUSAND DOLLARS)**



## **ADDENDA**

# **QUALIFICATIONS OF STEPHEN G. WHITE, MAI**

## **PROFESSIONAL EXPERIENCE**

Real Estate Appraiser since 1976.

1983 through current date: Self-employed; office located at 1801 Lexington Dr., Fullerton, CA 92835 (Phone: 714-738-1595)

1976-1982: Employed by Cedric A. White, Jr., MAI, independent appraiser located in Anaheim.

Real estate appraisals have been completed on most types of properties for purposes of fair market value, leased fee value, leasehold value, easement value, partial acquisitions and severance damages.

## **PROFESSIONAL ORGANIZATIONS**

Designated Member, Appraisal Institute; MAI designation obtained 1985

Affiliate Member, Pacific West Association of Realtors

## **LICENSES**

Licensed by the State of California as a Certified General Real Estate Appraiser; BREID No. AG013311; valid through September 22, 2024.

## **EDUCATION**

B.A. Economics & Business, Westmont College, Santa Barbara (1976)

Appraisal Institute Courses:

Basic Appraisal Principles, Methods and Techniques

Capitalization Theory and Techniques

Urban Properties

Litigation Valuation

Standards of Professional Appraisal Practice

Numerous seminars and continuing education on various appraisal subjects, including valuation of easements and leased fee interests, litigation, the money market and its impact on real estate, and standards of professional appraisal practice.

## **COURT/TESTIMONY EXPERIENCE**

Qualified as an expert witness in the Superior Courts of Orange, Los Angeles, Riverside and San Bernardino Counties; also for the Assessment Appeals Board of Orange and Los Angeles Counties.

## **TYPES OF PROPERTY APPRAISED**

**Residential:** vacant lots, acreage and subdivisions; single family residences, condominiums, townhomes and apartment complexes.

**Commercial:** vacant lots/acreage; office buildings, retail/shopping centers, restaurants, hotels/motels.

**Industrial:** vacant lots and acreage; warehouses, manufacturing buildings, R&D buildings, industrial parks, mini-warehouses.

**Special Purpose:** mobilehome parks, churches, automobile agencies, medical buildings, convalescent hospitals, easements, leased fee and leasehold interests.

## QUALIFICATIONS, Page 2

### CLIENT LIST

#### **Corporations:**

Aera Energy  
British Pacific Properties  
BSI Consultants  
Crown Central Petroleum  
Firestone Building Materials  
Foodmaker Realty Corp.  
Greyhound Lines  
Holiday Rambler Corp.  
International Baking Co.  
Johnson Controls  
Kampgrounds of America  
Knowlwood Restaurants  
Kroger Company

La Habra Products, Inc.  
MCP Foods  
Orangeland RV Park  
Pacific Scientific  
Penhall International  
Pic 'N Save Stores  
Sargent-Fletcher Co.  
Shell-Western E&P  
Southern Distributors Corp.  
Southern California Edison  
The Home Depot  
Tooley and Company  
Wastewater Disposal Co.

#### **Developers:**

Brighton Homes  
BRIDGE Housing  
Brookfield  
Citation Builders  
Davison-Ferguson Investment Devel.  
D.T. Smith Homes  
Irvine Company

Kathryn Thompson Developers  
Mission Viejo Co.  
Premier Homes  
Presley Homes  
Rockefeller & Associates  
Taylor Woodrow Homes  
Unocal Land & Development

#### **Law Firms:**

Atkinson, Andelson, Loya, Ruud & Romo  
Baldikoski, Klotz & Dragonette  
Best, Best & Krieger LLP  
Bowie, Arneson, Wiles & Giannone  
Bye, Hatcher & Piggott  
Callahan, McCune & Willis  
Cooksey, Coleman & Howard  
Dawson & Dawson  
Hamilton & Samuels  
Horgan, Rosen, Beckham & Coren  
Kirkland & Ellis  
Latham & Watkins LLP  
McKee, Charles C.  
Mosich, Nicholas J.  
Long, David M.  
Nossaman, Guthner, Knox & Elliott, LLP

Oliver, Barr & Vose  
Ollestad, Freedman & Taylor  
Palmieri, Tyler, Wiener, Wilhelm &  
Waldron LLP  
Paul, Hastings, Jonofsky &  
Walker LLP  
Piggott, George B.  
Pothier, Rose  
Rosenthal & Zimmerman  
Ross Wersching & Wolcott LLP  
Rutan & Tucker, LLP  
Sikora & Price, Inc.  
Smith & Politiski  
Williams, Gerold G.  
Woodruff, Spradlin & Smart, P.C.  
Yates, Sealy M.

#### **Financial Institutions:**

Ahmanson Trust Company  
Barclays Bank  
Chino Valley Bank  
Continental Bank  
First Interstate Mortgage  
First Niagara Bank  
First Wisconsin Bank

NorthMarq  
Pacific Western Bank  
San Clemente Savings & Loan  
Security Pacific Bank  
Sunwest Bank  
United Calif. Savings Bank  
Washington Square Capital

## QUALIFICATIONS, Page 3

### Cities:

Anaheim	Laguna Beach	San Diego
Baldwin Park	Lake Elsinore	San Marino
Buena Park	Long Beach	Santa Ana
City of Industry	Mission Viejo	Santa Fe Springs
Cypress	Orange	Santee
Dana Point	Palm Desert	Seal Beach
Duarte	Placentia	Stanton
Fontana	Rialto	Temecula
Fullerton	Riverside	Tustin
La Habra	San Clemente	Yorba Linda

### Counties:

County of Orange	County of Riverside
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### Other Governmental:

Agua Mansa Industrial Growth Association	Lee Lake Water District
Eastern Municipal Water District	Metropolitan Water District
El Toro Water District	Orange County Water District
Federal Deposit Insurance Corporation (FDIC)	Trabuco Canyon Water District
Kern County Employees Retirement Association	U.S. Postal Service

### School Districts:

Alvord Unified	Irvine Unified	Riverside Unified
Anaheim Union High	Jurupa Unified	Romoland
Anaheim Elementary	Lake Elsinore Unified	Saddleback Valley Unified
Banning Unified	Menifee Union	San Jacinto Unified
Beaumont Unified	Moreno Valley Unified	San Marcos Unified
Capistrano Unified	Murrieta Valley Unified	Santa Ana Unified
Castaic Union	Newhall	Saugus Union
Cypress	Newport-Mesa Unified	Sulphur Springs Union
Etiwanda	Orange Unified	Westside Union
Fullerton	Palm Springs Unified	William S. Hart Union High
Fullerton Jt. Union High	Placentia-Yorba Linda Unif.	Victor Elementary
Garden Grove Unified	Poway Unified	
Hemet Unified	Rialto Unified	

### Churches/Church Organizations:

Calvary Church, Santa Ana	Lutheran Church, Missouri Synod
Central Baptist Church, Pomona	Presbytery of Los Rancho
Christian & Missionary Alliance Church, Santa Ana	St. Mark's Lutheran Church, Hac. Hts.
Christian Church Foundation	United Methodist Church
Congregational Church, Fullerton	Vineyard Christian Fellowship
First Church of the Nazarene	Yorba Linda United Methodist Church

### Other:

Beverly Hospital	Fullerton College
Biola University	So. Org. Cnty. Comm. College Dist.
Cedars-Sinai Medical Center	The Claremont College Services



