

**SUPPLEMENT DATED MAY 28, 2024
TO
OFFICIAL STATEMENT DATED MAY 14, 2024

\$13,375,000
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2024**

This Supplement dated May 28, 2024 (the “Supplement”) supplements the Official Statement dated May 14, 2024 (the “Official Statement”) with respect to the above-captioned bonds. This Supplement constitutes an integral part of the Official Statement and should be read in conjunction with the Official Statement. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Official Statement.

The Official Statement incorrectly identifies the first Interest Payment Date with respect to the 2024 Bonds as September 1, 2024. Interest on the 2024 Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2025.

All references in the Official Statement to the first Interest Payment Date with respect to the 2024 Bonds are hereby amended as necessary to identify the first Interest Payment Date as March 1, 2025.

Dated: May 28, 2024

**COMMUNITY FACILITIES DISTRICT
NO. 05-8 (SCOTT ROAD) OF THE COUNTY
OF RIVERSIDE**

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NEW ISSUE

INSURED BONDS RATING: S&P “AA (Stable)”
UNDERLYING/UNINSURED BONDS RATING: S&P “A”
(See “MISCELLANEOUS — Ratings”)

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2024 Bonds described herein is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2024 Bonds is exempt from State of California personal income tax. See the caption “LEGAL MATTERS — Tax Matters” with respect to tax consequences relating to the 2024 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

\$13,375,000
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2024

Dated: Date of Delivery

Due: September 1, as shown on the inside cover page

The Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2024 (the “2024 Bonds”) are being issued and delivered by Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the “District”) primarily to (i) refund the Community Facilities District’s outstanding 2013 Special Tax Bonds, originally issued in the aggregate principal amount of \$16,875,000 and currently outstanding in the aggregate principal amount of \$15,230,000 (the “2013 Bonds”), (ii) cause the reserve fund to equal the Reserve Requirement as of the date of issuance of the 2024 Bonds, (iii) purchase a municipal bond insurance policy with respect to the Insured Bonds (defined below), and (iv) pay the costs of issuance with respect to the 2024 Bonds. See “SOURCES AND USES OF FUNDS” herein. The District has been formed by and is located in the County of Riverside, California (the “County”).

The 2024 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California), and pursuant to an Indenture, dated as of February 1, 2013, as supplemented by that certain First Supplement to Indenture, dated as of December 1, 2018, and as supplemented by that certain Second Supplement to Indenture, dated as of June 1, 2024 (collectively, the “Indenture”), each by and between the District and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as Trustee (the “Trustee”).

The 2024 Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within the District subject to the Special Tax and from certain other funds pledged under the Indenture, all as further described herein. The 2024 Bonds are payable from Special Taxes on a parity with the District’s 2018 Special Tax Bonds (the “2018 Bonds”), which are currently outstanding in the aggregate principal amount of \$5,120,000.

The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Supervisors of the County and the qualified electors within the District. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Board of Supervisors of the County is the legislative body of the District.

The 2024 Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases may be made in principal amounts of \$5,000 and integral multiples thereof in book-entry form only. Purchasers of 2024 Bonds will not receive certificates representing their beneficial ownership of the 2024 Bonds but will receive credit balances on the books of their respective nominees. Interest on the 2024 Bonds will be payable semiannually on each March 1 and September 1, commencing on September 1, 2024. Principal of and interest on the 2024 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the beneficial owners of the 2024 Bonds. See “THE 2024 BONDS — General Provisions” and Appendix F — “BOOK-ENTRY AND DTC” herein.

Neither the faith and credit nor the taxing power of the County of Riverside, the State of California or any political subdivision thereof is pledged to the payment of the 2024 Bonds. Except for the Net Special Tax Revenues (as defined herein), no other taxes are pledged to the payment of the 2024 Bonds. The 2024 Bonds are special tax obligations of the District payable solely from Net Special Tax Revenues (as defined herein) and certain other amounts held under the Indenture as more fully described herein.

The 2024 Bonds are subject to optional redemption and mandatory redemption from Special Tax prepayments prior to maturity as set forth herein. See “THE 2024 BONDS — Redemption” herein.

The scheduled payment of principal of and interest on the 2024 Bonds maturing on September 1 of the years 2028 through 2042, inclusive (the “Insured Bonds”), when due will be guaranteed under a municipal bond insurance policy to be issued by Build America Mutual Assurance Company (the “Insurer”) concurrently with the issuance of the Insured Bonds. See “INTRODUCTION — Bond Insurance” and “BOND INSURANCE.”



Certain events could affect the ability of the District to pay the principal of and interest on the 2024 Bonds when due. The purchase of the 2024 Bonds involves significant investment risks, and the 2024 Bonds may not be a suitable investment for many investors. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the 2024 Bonds.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

The 2024 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the County and the District by County Counsel and for the Underwriter by Anzel Galvan LLP, San Francisco, California, as counsel to the Underwriter. It is anticipated that the 2024 Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about June 6, 2024.

STIFEL

Dated: May 14, 2024.

\$13,375,000
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2024

MATURITY SCHEDULE

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.®†</i>
2025	\$160,000	5.000%	3.230%	102.123	76911FVR2
2026	345,000	5.000	3.170	103.915	76911FVS0
2027	380,000	5.000	3.060	105.929	76911FVT8
2028 ⁽¹⁾	425,000	5.000	2.990	107.937	76911FVU5
2029 ⁽¹⁾	470,000	5.000	2.940	109.925	76911FVV3
2030 ⁽¹⁾	515,000	5.000	2.930	111.715	76911FVW1
2031 ⁽¹⁾	565,000	5.000	2.940	113.335	76911FVX9
2032 ⁽¹⁾	620,000	5.000	2.940	114.966	76911FVY7
2033 ⁽¹⁾	675,000	5.000	2.950	116.463	76911FVZ4
2034 ⁽¹⁾	735,000	5.000	2.970	117.800	76911FWA8
2035 ⁽¹⁾	800,000	5.000	3.030	117.221 ^(C)	76911FWB6
2036 ⁽¹⁾	865,000	5.000	3.100	116.551 ^(C)	76911FWC4
2037 ⁽¹⁾	935,000	5.000	3.240	115.223 ^(C)	76911FWD2
2038 ⁽¹⁾	1,010,000	5.000	3.280	114.848 ^(C)	76911FWE0
2039 ⁽¹⁾	1,085,000	5.000	3.380	113.914 ^(C)	76911FWF7
2040 ⁽¹⁾	1,175,000	5.000	3.480	112.990 ^(C)	76911FWG5
2041 ⁽¹⁾	1,260,000	5.000	3.580	112.074 ^(C)	76911FWH3
2042 ⁽¹⁾	1,205,000	4.000	4.070	99.099	76911FWK6
2042 ⁽¹⁾	150,000	5.000	3.650	111.439 ^(C)	76911FWJ9

⁽¹⁾ Insured 2024 Bonds under the Insurance Policy.

^(C) Priced to optional redemption date of September 1, 2034, at par.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by 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. Neither of the Underwriter, the County nor the District or their agents or counsel assume responsibility for the accuracy of such numbers.

**COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)**

**COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

Board of Supervisors

Chuck Washington, Third District, Chair
V. Manuel Perez, Fourth District, Vice-Chair
Kevin Jeffries, First District
Karen Spiegel, Second District
Yxstian Gutierrez, Fifth District

County Officials

Jeffrey A. Van Wagenen Jr., County Executive Officer
Matt Jennings, Treasurer-Tax Collector
Ben Benoit, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Minh Tran, County Counsel
Don Kent, Director of Finance

SPECIAL SERVICES

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Special Tax Consultant

Webb Municipal Finance LLC
Riverside, California

Trustee

U.S. Bank Trust Company, National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the County, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the 2024 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Beneficial Owners of the 2024 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board, or a nationally recognized municipal securities depository.

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, their 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.

The information in Appendix F — “BOOK-ENTRY AND DTC” attached hereto has been furnished by The Depository Trust Company, and no representation has been made by the District or the County or the Underwriter as to the accuracy or completeness of such information.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the County or the District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the District or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

A wide variety of other information, including financial information, concerning the County, is available from publications and websites of the County and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Cautionary Information Regarding Forward-Looking Statements in the Official Statement

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,” “project,” “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. Except as set forth in the Continuing Disclosure Agreement, a form of which is attached as Appendix D, neither the County nor the District plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

In connection with the offering of the 2024 Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of such bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2024 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriter.

The 2024 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The 2024 Bonds have not been registered or qualified under the securities laws of any state.

Build America Mutual Assurance Company (the “Insurer”) makes no representation regarding the 2024 Bonds or the advisability of investing in the 2024 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading “BOND INSURANCE” and APPENDIX H—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

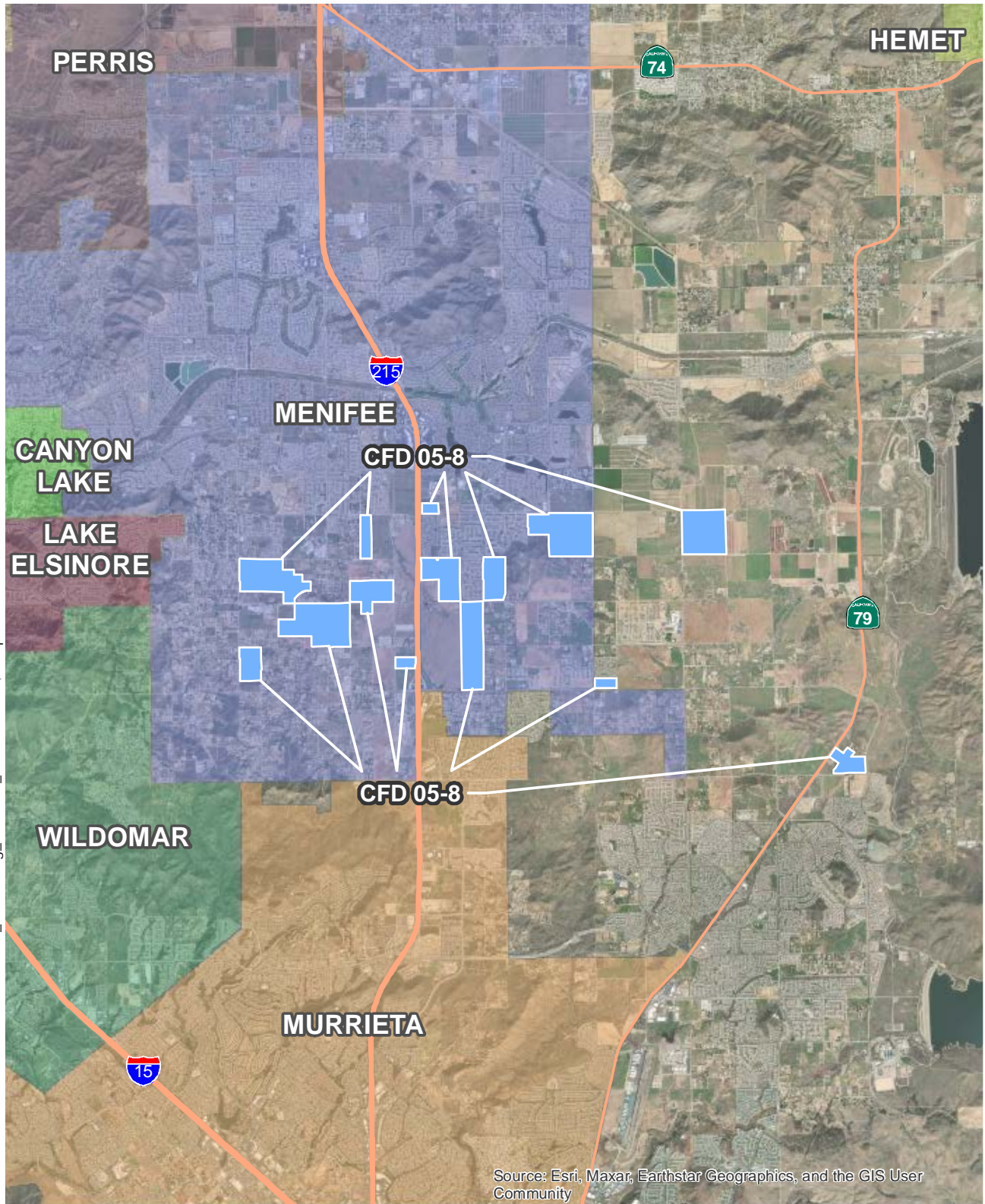
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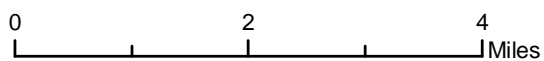
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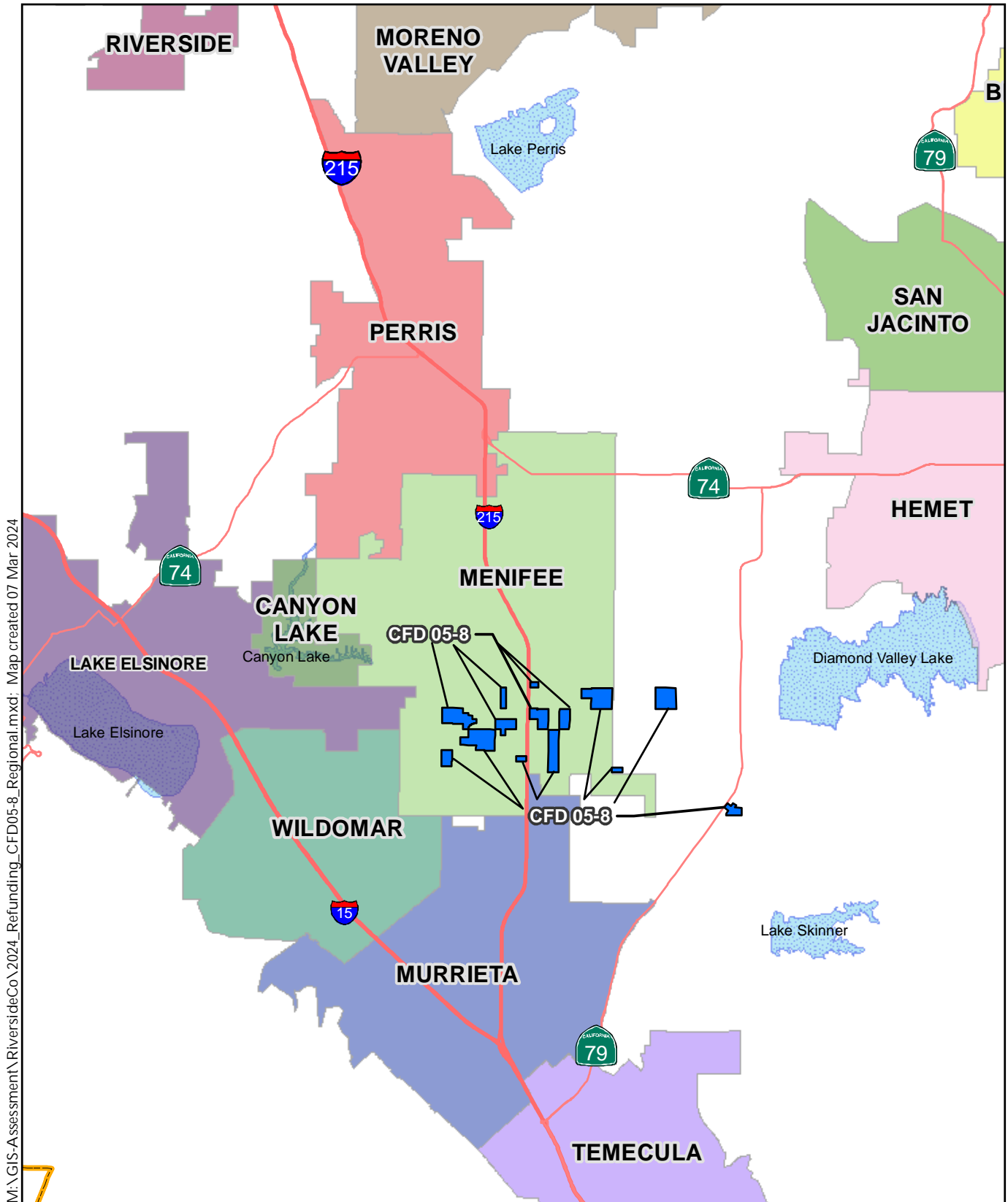


Sources: Riverside Co. GIS, 2024;
ESRI 2024.

LOCATION MAP

Community Facilities District 05-8





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Sources: Riverside Co. GIS, 2024;
San Bernardino Co. GIS, 2024; ESRI, 2024.

REGIONAL MAP

Community Facilities District No. 04-2

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OFFICIAL STATEMENT
\$13,375,000
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2024

INTRODUCTION

General

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 appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of 2024 Bonds (defined below) to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions” herein.

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the “District”) of the \$13,375,000 Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Refunding Bonds, Series 2024 (the “2024 Bonds”). The proceeds of the 2024 Bonds, together with certain existing funds of the District, will be used to (i) defease and refund all of the outstanding Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Refunding Bonds, Series 2013, originally issued in the aggregate principal amount of \$16,875,000 and currently outstanding in the aggregate principal amount of \$15,230,000 (the “2013 Bonds”), (ii) cause the balance in the reserve fund to equal the Reserve Requirement upon issuance of the 2024 Bonds, (iii) purchase a municipal bond insurance policy for the Insured Bonds (as defined under the caption “— Bond Insurance”), and (iv) pay costs of issuance of the 2024 Bonds. See “SOURCES AND USES OF FUNDS” herein.

The 2024 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and an Indenture dated as of February 1, 2013, (the “2013 Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as Trustee (the “Trustee”), as supplemented by the First Supplement to Indenture, by and between the District and the Trustee, dated as of December 1, 2018 (the “First Supplement,”) and the Second Supplement to Indenture, by and between the District and the Trustee, dated as of June 1, 2024 (the “Second Supplement,” and, together with the 2013 Indenture, and the First Supplement, the “Indenture”). Upon their issuance, the 2024 Bonds will be secured under the Indenture by a pledge of and lien upon Net Special Tax Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund as described in the Indenture.

The 2024 Bonds are payable from Net Special Tax Revenues on a parity with the District’s Special Tax Bonds, Series 2018, originally issued in the aggregate principal amount of \$5,120,000 and currently outstanding (the “2018 Bonds”). Pursuant to the terms of the Indenture, under certain conditions the District may issue additional bonds secured by the Net Special Tax Revenues of the District on a parity with the 2018 Bonds and 2024 Bonds (“Additional Bonds”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds.” The term “Bonds” means the 2018 Bonds and the 2024 Bonds together with any Additional Bonds.

The District

Formation Proceedings. The District was formed by the County of Riverside, California (the “County”) pursuant to the Act.

The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election of the property owners within such district and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the Board of Supervisors of the County adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of Special Taxes on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the Board of Supervisors of the County adopted resolutions establishing the District and calling special elections to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the District. On April 18, 2006, at an election held pursuant to the Act, the landowners who comprised the qualified voters of the District, authorized the District to incur bonded indebtedness in an aggregate principal amount not to exceed \$100,000,000 and approved the rate and method of apportionment of the Special Taxes for the District (the “Rate and Method”) to pay the principal of and interest on the bonds of the District. The Rate and Method is set forth in Appendix A hereto. The Board of Supervisors of the County acts as the legislative body of the District.

The District was formed to finance various public improvements needed as a result of the proposed development within the District, including the widening of the interchange at Interstate 215, the widening of sections of Scott Road and construction of other road facilities authorized under the County’s Transportation Uniform Mitigation Fee program (the “Facilities”). The 2013 Bonds were issued to finance the widening of a section of Scott Road and to refund the District’s previously-issued Special Tax Bonds, Series 2008 (the “2008 Bonds”), and the 2018 Bonds were issued to finance additional Facilities. The 2024 Bonds will refund all of the outstanding 2013 Bonds. See “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan.”

The District is authorized to issue Additional Bonds in the aggregate principal amount of \$77 million. The County currently estimates that the remaining costs to complete all of the Facilities is approximately \$140 million. The County is currently in the early planning stages for additional Facilities; however, the County does not anticipate issuing Additional Bonds for at least four years. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds” and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

The County has determined that the Facilities are regional transportation facilities necessary to support development in the District and surrounding areas. The County may require landowners of annexation eligible undeveloped property proposing development to annex into the District. The undeveloped property within the unincorporated County boundaries eligible to be annexed into the District is approximately 8,798 acres. Future annexations of other developments may occur. However, there is no assurance that any additional annexations to the District will occur.

The County has adopted Local Goals and Policies for Land Secured Financing Districts, which establish several categories of community facilities districts that will be used by the County to finance various types of public facilities. The District fits within the category known as a “Critical Transportation Corridor Improvement Program Community Facilities District” (a “CTCIP CFD”) established to finance the Facilities.

See “THE 2024 BONDS — Authority for Issuance” and “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan.”

Development Status. The District consists of a number of noncontiguous properties located, in part, in the newly incorporated City of Menifee and, in part, in an unincorporated portion of the County approximately 10 miles north of the City of Temecula, 35 miles southeast of the City of Riverside, 90 miles southeast of the City of Los Angeles, and 60 miles north of the City of San Diego. The District is located on both the east and west sides of Interstate 215 which is a major freeway connecting the cities of Riverside and San Diego.

The District is comprised of approximately 1,344 gross acres which is expected to be developed into approximately 758 residential acres, approximately 295 acres of street areas, approximately 229 acres of open space and drainage, approximately 49 acres of park space and approximately 13 acres of detention basins. The District may also contain a school of approximately 12 acres. Based on existing zoning and land use entitlements approved by or being processed by the County, the County estimates that the land within the District has a potential build out of approximately 4,963 residential units consisting of 3,174 single family detached units and 1,789 attached units.

For the Fiscal Year 2023-24 Special Tax levy, there were 1,760 parcels within the District classified as Developed Property which were levied at the Assigned Special Tax rates under the Rate and Method, comprised of 1,759 completed single family attached and detached residential units which have been completed and conveyed to individual homeowners, and one completed multi-family apartment complex. All of such units are classified as Developed Property under the Rate and Method for the Fiscal Year 2023-24 and are expected to continue to be levied at the Assigned Special Tax rates.

Pursuant to the Rate and Method, the District levies at 100% of the applicable Assigned Special Tax rate on parcels of Developed Property, with amounts in excess of debt service on the Bonds and administrative expenses of the District being used to finance additional Facilities. Currently, the annual Special Tax levy from Developed Property is approximately 200% of annual debt service on the 2018 Bonds and the 2024 Bonds, plus administrative expenses of the District. The District currently expects to continue to levy at 100% of the applicable Assigned Special Tax rate on parcels of Developed Property until the final series of Additional Bonds is issued; however, the District is not obligated to do so, and could size the Special Tax levy to 110% of annual debt service on the Outstanding Bonds plus administrative expenses of the District in the future.

Moreover, Additional Bonds may be issued under certain conditions on a parity with the 2018 Bonds and the 2024 Bonds which could potentially cause part of or all of the 2018 Bonds and the 2024 Bonds to be expected to be payable from Special Taxes on Approved Property and Undeveloped Property (as such terms are defined in the Rate and Method). See “THE COMMUNITY FACILITIES DISTRICT,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds” and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

Additionally, as of January 1, 2024, within the District there are 30 parcels which would be classified as Undeveloped Property (as such term is defined in the Rate and Method) for Fiscal Year 2024-25 assuming no development, totaling approximately 627.80 acres. Such parcels are not expected to be levied by the District until such parcels become Developed Property under the Rate and Method or Additional Bonds are issued; however, if insufficient Special Taxes are projected to be received from Developed Property, the District will also levy Special Taxes on Undeveloped Property. See “THE COMMUNITY FACILITIES DISTRICT” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds.”

During Fiscal Year 2007-08, four parcels consisting of approximately 12.41 acres within Final Tract Map No. 12598 were annexed into the District (“Annexation No. 1”). The Annexation No. 1 parcels are owned by Cantabria Development, successor in interest to Fairfield Holland Road LLC (“Fairfield Holland”).

Fairfield Holland developed the property within Annexation No. 1 into 230 multi-family apartments. Cantabria Development is currently the largest taxpayer in the District in Fiscal Year 2023-24 and is projected to be responsible for approximately 9.77% of the projected Fiscal Year 2024-25 Special Tax levy. See “THE COMMUNITY FACILITIES DISTRICT — Largest Taxpayers” and “SPECIAL RISK FACTORS – Concentration of Ownership.”

In addition to Annexation No. 1, there is a possibility of future annexation of property into the District, although no annexations are underway or planned at this time. See “THE COMMUNITY FACILITIES DISTRICT — General Description; Potential Annexations” herein.

According to the Riverside County Assessor’s Office Certified Roll for Fiscal Year 2023-24, the assessed value of the property within the District classified as Developed Property for the Fiscal Year 2023-24 Special Tax levy was \$876,834,948 resulting in an estimated assessed value-to-lien ratio of 17.70-to-1 for property classified as Developed Property in Fiscal Year 2023-24 based on the principal amount of the 2018 Bonds and the 2024 Bonds (allocated to each parcel of Developed Property within the District based on the proportion of the projected Fiscal Year 2024-25 Special Taxes on such parcels) and other overlapping land-secured debt on such property. See “THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios” herein. Additionally, the Fiscal Year 2023-24 assessed value of all the taxable property within the District was \$918,249,434 resulting in an estimated assessed value-to-lien ratio of 18.53 to-1 for all the taxable property within the District based on the principal amount of the 2018 Bonds and the 2024 Bonds and other overlapping land-secured debt. See “THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios” herein.

Security and Sources of Payment for the Bonds

General. The 2024 Bonds are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the 2024 Bonds are payable solely from Net Special Tax Revenues (described below) to be levied annually against the property in the District, and other amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund. The 2024 Bonds are secured on a parity with the District’s outstanding 2018 Bonds. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of Riverside County. Although the Special Taxes will constitute a lien on the property subject to taxation in the District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Net Special Tax Revenues. Under the Indenture, the District has pledged to repay the 2024 Bonds from Net Special Tax Revenues and other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Net Special Tax Revenues consist of Special Tax Revenues less the amount required to pay Administrative Expenses. Special Tax Revenues are defined in the Indenture to include the proceeds of the Special Taxes received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes and proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys’ fees payable from proceeds of such redemption, sale or security.

The Net Special Tax Revenues are the primary security for the repayment of the 2024 Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the 2024 Bonds are amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund. Amounts held in the Rebate Fund and the Administrative Expense Fund are not available to pay the debt service on the 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

The 2024 Bonds are payable on a parity with the 2018 Bonds from Net Special Tax Revenues and from certain other funds pledged under the Indenture. Under the terms of the Indenture, under certain conditions the District may issue additional bonds secured by the Net Special Tax Revenues of the District on a parity with the 2018 Bonds and the 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds.”

Proceeds of Foreclosure Sales. Pursuant to Section 53356.1 of the Act and the Indenture, the District will covenant in the Indenture with and for the benefit of the Owners of the 2024 Bonds and any Additional Bonds issued pursuant to the Indenture that the District will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings. However, notwithstanding the foregoing, the District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys’ fees related to a Special Tax delinquency, if permitted by law. Additionally, notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and 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 foreclosure proceedings cost. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.”

There is no assurance that the property within the District can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on the 2024 Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See “SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios” herein.

EXCEPT FOR THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND, NO OTHER FUNDS ARE PLEDGED TO THE PAYMENT OF THE 2024 BONDS. THE 2024 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE COUNTY, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE 2024 BONDS.

Under the terms of the Indenture, under certain conditions the District may issue Additional Bonds secured by the Net Special Tax Revenues of the District on a parity with the 2018 Bonds and the 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds.”

Description of the 2024 Bonds

The 2024 Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the 2024 Bonds (the “Beneficial Owners”) in the denominations of \$5,000 and integral multiples thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the 2024 Bonds. In the event that the book-entry only system described herein is no

longer used with respect to the 2024 Bonds, the 2024 Bonds will be registered and transferred in accordance with the Indenture. See Appendix F — “BOOK-ENTRY AND DTC” herein.

Principal of, premium, if any, and interest on the 2024 Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the 2024 Bonds, the Beneficial Owners will become the registered owners of the 2024 Bonds and will be paid principal and interest by the Trustee, all as described herein. See Appendix F — “BOOK-ENTRY AND DTC” herein.

The 2024 Bonds are subject to optional redemption and mandatory redemption from Special Tax prepayments as described herein. For a more complete description of the 2024 Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE 2024 BONDS” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture (as defined herein), and will also act as Escrow Bank under the Escrow Agreement (defined herein). Stifel, Nicolaus & Company, Incorporated, is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel. See Appendix E — “FORM OF OPINION OF BOND COUNSEL.” Fieldman, Rolapp & Associates, Inc. is acting as Municipal Advisor to the County in connection with the 2024 Bonds. Certain legal matters will be passed upon for the County and the District by County Counsel, and for the Underwriter by Anzel Galvan LLP, as Underwriter’s Counsel. Other professional services have been performed by Webb Municipal Finance LLC, as Special Tax Consultant. Robert Thomas CPA, LLC (the “Verification Agent”) will provide escrow verification services.

For information concerning the respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the 2024 Bonds, see “MISCELLANEOUS — Financial Interests” herein.

Bond Insurance

The scheduled payment of principal of and interest on the 2024 Bonds maturing on September 1 of the years 2028 through 2042, inclusive (the “Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds (the “Insurance Policy”) by Build America Mutual Assurance Company (“BAM” or the “Insurer”). See “BOND INSURANCE” and APPENDIX H.

Continuing Disclosure

The District will enter into a Continuing Disclosure Agreement, dated as of June 1, 2024, with the Trustee (the “Continuing Disclosure Agreement”) pursuant to which the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system certain annual financial information and operating data. The District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” herein and Appendix D hereto for a description of the specific nature of the annual reports to be filed by the District and notices of listed events to be provided by the District. Except as described herein, within the last five years, the District has not failed to comply in all material respects with any of its prior continuing disclosure obligations under Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE.”

Bond Owners' Risks

Certain events could affect the timely repayment of the principal of and interest on the 2024 Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2024 Bonds. The 2024 Bonds are not rated by any nationally recognized rating agency. See "SPECIAL RISK FACTORS" herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the 2024 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the 2024 Bonds and the constitution and laws of the State as well as the proceedings of the Board of Supervisors of the County, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the 2024 Bonds, by reference to the Indenture.

Copies of the Indenture, the Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the County of a charge for copying, mailing and handling) for delivery from the Trustee at 633 W. Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Corporate Trust Services.

PLAN OF REFUNDING

The 2024 Bonds are being issued primarily for the purpose of refunding all of the outstanding 2013 Bonds. Concurrently with the issuance of the 2024 Bonds, the District and U.S. Bank Trust Company, National Association, as trustee for the 2013 Bonds and as escrow bank (the "Escrow Bank"), will enter into an Escrow Agreement, dated as of June 1, 2024, relating to the 2013 Bonds (the "Escrow Agreement"). A portion of the proceeds derived from the sale of the 2024 Bonds, together with moneys held in certain funds and accounts relating to the 2013 Bonds, will be deposited in an escrow fund (the "Escrow Fund") established for the 2013 Bonds pursuant to the Escrow Agreement. The aggregate amount of such deposits will be sufficient to redeem the outstanding 2013 Bonds on September 1, 2024 at a redemption price equal to 100% of the principal amount thereof plus the interest accrued thereon to such redemption date. The moneys held in the Escrow Fund will be held uninvested or invested in non callable direct obligations of the United States Treasury or other non-callable obligations, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America (the "Securities") and will be pledged solely for the redemption of the 2013 Bonds. Cash and securities deposited in the Escrow Fund will not be available for the payment of the 2024 Bonds, nor will any interest or other earnings thereon be available for such payment.

The Verification Agent, upon delivery of the 2024 Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided and prepared by the Underwriter, relating to the sufficiency of cash and securities deposited into the Escrow Fund to pay, when due, the principal, whether at maturity or upon prior redemption, and interest requirements of the 2013 Bonds.

The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the 2024 Bonds will be deposited into the following respective accounts and funds established by the District under the Indenture, as follows:

Sources:

Principal Amount of Bonds	\$ 13,375,000.00
Plus Original Issue Premium	1,625,500.20
District Moneys ⁽¹⁾	<u>2,518,492.37</u>
Total Sources	<u>\$ 17,518,992.57</u>

Uses:

Deposit into Escrow Fund	\$ 15,424,356.01
Deposit into Reserve Fund ⁽²⁾	1,650,953.51
Deposit into Costs of Issuance ⁽³⁾	300,091.80
Underwriter's Discount	<u>143,591.25</u>
Total Uses	<u>\$ 17,518,992.57</u>

⁽¹⁾ Includes moneys held in funds and accounts with respect to the 2013 Bonds.

⁽²⁾ Equal to the amount required to increase the balance on deposit in the Reserve Fund to the Reserve Requirement as of the date of delivery of the 2024 Bonds.

⁽³⁾ Includes, among other things, the fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Escrow Bank, Special Tax Consultant and Municipal Advisor, the premium on the Insurance Policy, rating agency fees, and other related costs, the cost of printing the preliminary and final Official Statements.

BOND INSURANCE

The information under this caption has been prepared by Build America Mutual Assurance Company for inclusion in this Official Statement. Neither the District nor the Underwriter has reviewed this information, nor do such entities make any representation with respect to the accuracy or completeness thereof or any information incorporated by reference. Reference is made to Appendix G for a specimen of the Insurance Policy.

Bond Insurance Policy

Concurrently with the issuance of the Insured Bonds, Build America Mutual Assurance Company (the “Insurer”) will issue its Municipal Bond Insurance Policy for the Insured Bonds (the “Insurance Policy”). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Insurance Policy included as Appendix H to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

The Insurer is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. The Insurer provides credit enhancement products solely to issuers in the U.S. public finance markets. The Insurer will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of the Insurer is liable for the obligations of the Insurer.

The address of the principal executive offices of the Insurer is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

The Insurer is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

The Insurer's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of the Insurer should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of the Insurer in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. The Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and the Insurer does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of the Insurer. The Insurer's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$483.2 million, \$221.8 million and \$261.4 million, respectively.

The Insurer is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by the Insurer, subject to certain limitations and restrictions.

The Insurer's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on the Insurer's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to the Insurer at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

The Insurer makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading "BOND INSURANCE."

Additional Information Available from the Insurer.

Credit Insights Videos. For certain Insurer-insured issues, the Insurer produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors the Insurer's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on the Insurer's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that the Insurer has been selected to insure, the Insurer may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about

the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by the Insurer, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. The Insurer pre-sale and final Credit Profiles are easily accessible on the Insurer's website at www.buildamerica.com/credit-profiles. The Insurer will produce a Credit Profile for all bonds insured by the Insurer, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and the Insurer assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by the Insurer; they have not been reviewed or approved by the issuer of or the underwriter for the Insured Bonds, and the issuer and underwriter assume no responsibility for their content.

The Insurer receives compensation (an insurance premium) for the insurance that it is providing with respect to the Insured Bonds. Neither the Insurer nor any affiliate of the Insurer has purchased, or committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise.

THE 2024 BONDS

Authority for Issuance

The 2024 Bonds will be issued pursuant to the Act, the Indenture and the Resolution Authorizing Issuance of the 2024 Bonds adopted by the Board of Supervisors of the County of Riverside, acting as the legislative body of the District (the “Legislative Body”), on April 30, 2024, as Resolution No. CFD 2024-02.

As required by the Act, the Legislative Body has taken the following actions with respect to establishing the District and authorizing issuance of the 2024 Bonds:

Resolutions of Intention: On February 28, 2006, the Board of Supervisors adopted Resolution No. 2006-072 stating its intention to establish the District and to authorize the levy of a special tax therein pursuant to the Rate and Method. On February 28, 2006, the Board of Supervisors adopted Resolution No. 2006-073 stating its intention to incur bonded indebtedness in an amount not to exceed \$100,000,000 with respect to the District. The District proceedings authorize Special Taxes to be used to pay directly for Facilities. See “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan.”

Resolution of Formation: Following a noticed public hearing on April 4, 2006, the Board of Supervisors adopted Resolution No. 2006-092 (the “Resolution of Formation”), establishing the District and authorizing the levy of a special tax within the District pursuant to the Rate and Method. Resolution No. 2006-092 also called an election for the purpose of submitting the propositions to incur bonded indebtedness, to levy a special tax within the District and to establish an appropriations limit for the District to the qualified electors of the District.

Resolution of Necessity: On April 4, 2006, the Board of Supervisors, acting as the Legislative Body of the District, adopted Resolution No. CFD 2006-02 deeming it necessary to incur bonded indebtedness in an amount not to exceed \$100,000,000 within the District.

Landowner Election and Declaration of Results: On April 18, 2006, a special election was held within the District, in which the landowners eligible to vote, being the qualified electors, approved the ballot proposition to incur bonded indebtedness in a maximum amount of \$100,000,000, to levy a special tax within the District and to establish an appropriations limit for the District.

On April 25, 2006, the Legislative Body adopted Resolution No. CFD 2006-03 declaring the results of the special election.

Ordinance Levying Special Taxes: On May 2, 2006, the Board of Supervisors adopted Ordinance No. 852 (the “Ordinance”) authorizing the levy of the Special Tax within the District.

Special Tax Lien and Levy: A Notice of Special Tax Lien for the District was recorded in the real property records of the County on May 4, 2006, as Document No. 2006-0323346.

General Provisions

The 2024 Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on September 1, 2024 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2024 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 and integral multiples thereof. So long as the 2024 Bonds are held in book-entry form, principal and interest on the 2024 Bonds will be paid to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the Beneficial Owners in accordance with DTC procedures. See Appendix F — “BOOK-ENTRY AND DTC.”

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any 2024 Bond will be payable from the Interest Payment Date next preceding the date of authentication of that 2024 Bond, unless (i) a 2024 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a 2024 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any 2024 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for.

Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2024 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of 2024 Bonds, which written request is received by the Trustee on or prior to the preceding Record Date.

The principal of the 2024 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The 2024 Bonds are payable on a parity with the 2018 Bonds from Net Special Tax Revenues and from certain other funds pledged under the Indenture. Under the terms of the Indenture, under certain conditions the District may issue, and the District anticipates issuing, additional bonds secured by the Net Special Tax Revenues of the District on a parity with the 2018 Bonds and the 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds.”

Debt Service Schedule

The following table presents the annualized debt service on the 2024 Bonds and the 2018 Bonds, assuming, in either case, there are no redemptions prior to maturity other than mandatory sinking fund redemptions. However, it should be noted that the Rate and Method allows prepayment of the Special Taxes in full or in part and the Indenture requires redemption of Bonds on any Interest Payment Date from the proceeds of any prepayments of Special Taxes. Additionally, the 2024 Bonds are subject to optional redemption as described herein. See “THE 2024 BONDS — Redemption.”

<i>Bond Year Ending September 1</i>	<i>2024 Bonds Principal</i>	<i>2024 Bonds Interest</i>	<i>Total 2024 Bonds Annual Debt Service</i>	<i>Total 2018 Bonds Annual Debt Service</i>	<i>Total Annual Debt Service⁽¹⁾</i>
2025	\$ 160,000	\$ 811,754.17	\$ 971,754.17	\$ 256,000.00	\$ 1,227,754.17
2026	345,000	648,700.00	993,700.00	256,000.00	1,249,700.00
2027	380,000	631,450.00	1,011,450.00	256,000.00	1,267,450.00
2028	425,000	612,450.00	1,037,450.00	256,000.00	1,293,450.00
2029	470,000	591,200.00	1,061,200.00	256,000.00	1,317,200.00
2030	515,000	567,700.00	1,082,700.00	256,000.00	1,338,700.00
2031	565,000	541,950.00	1,106,950.00	256,000.00	1,362,950.00
2032	620,000	513,700.00	1,133,700.00	256,000.00	1,389,700.00
2033	675,000	482,700.00	1,157,700.00	256,000.00	1,413,700.00
2034	735,000	448,950.00	1,183,950.00	256,000.00	1,439,950.00
2035	800,000	412,200.00	1,212,200.00	256,000.00	1,468,200.00
2036	865,000	372,200.00	1,237,200.00	256,000.00	1,493,200.00
2037	935,000	328,950.00	1,263,950.00	256,000.00	1,519,950.00
2038	1,010,000	282,200.00	1,292,200.00	256,000.00	1,548,200.00
2039	1,085,000	231,700.00	1,316,700.00	256,000.00	1,572,700.00
2040	1,175,000	177,450.00	1,352,450.00	256,000.00	1,608,450.00
2041	1,260,000	118,700.00	1,378,700.00	256,000.00	1,634,700.00
2042	1,355,000	55,700.00	1,410,700.00	256,000.00	1,666,700.00
2043	--	--	--	961,000.00	961,000.00
2044	--	--	--	980,750.00	980,750.00
2045	--	--	--	1,002,750.00	1,002,750.00
2046	--	--	--	1,021,750.00	1,021,750.00
2047	--	--	--	1,042,750.00	1,042,750.00
2048	--	--	--	1,060,500.00	1,060,500.00
Total	\$13,375,000	\$ 7,829,654.17	\$ 21,204,654.17	\$ 10,677,500.00	\$ 31,882,154.17

⁽¹⁾ Equal to the sum of the amounts under the columns “Total 2024 Bonds Annual Debt Service” and “Total 2018 Bonds Annual Debt Service.”

Source: Underwriter.

Redemption

Optional Redemption. The 2024 Bonds maturing on and after September 1, 2035 may be redeemed, at the option of the District, from any source of funds, other than prepayments of Special Taxes, prior to their stated maturities, on any date on or after September 1, 2034, in whole, or in part in Authorized Denominations (in such amounts and maturities as may be designated by the District, with the particular Bonds of such maturities to be selected by the Trustee by lot), at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption.

In the event the District elects to redeem 2024 Bonds as provided above, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the maturity dates of the 2024 Bonds

to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

Mandatory Redemption from Special Tax Prepayments. The 2024 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date on and after March 1, 2025 from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Fund pursuant to the Indenture and amounts transferred from the Reserve Fund in connection with such prepayment. Such extraordinary mandatory redemption of the 2024 Bonds shall be at the following redemption prices (expressed as percentages of the principal amount of the 2024 Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
Any Interest Payment Date from March 1, 2025 and including March 1, 2032	103%
September 1, 2032 and March 1, 2033	102
September 1, 2033 and March 1, 2034	101
September 1, 2034 and any Interest Payment Date thereafter	100

Mandatory redemption of Bonds from Special Tax prepayments may result in the reduction in the otherwise expected yield on such Bonds if the Bonds were purchased at a price greater than par. See “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments.”

Notice of Redemption. So long as the 2024 Bonds are held by DTC, all notices of redemption will be sent only to DTC in accordance with its procedures and will not be delivered to any Beneficial Owner. The Trustee is obligated to mail, at least 30 days but not more than 60 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the 2024 Bonds and the registered Owners of the 2024 Bonds at the addresses appearing on the Bond registration books. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the 2024 Bonds selected for redemption; (ii) state the date fixed for redemption and surrender of the 2024 Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the 2024 Bonds are to be redeemed; (v) state the date of the notice; (vi) state that interest on the 2024 Bonds selected for redemption will not accrue from and after the date fixed for redemption; and (vii) state any other descriptive information needed to identify accurately the 2024 Bonds being redeemed as shall be specified by the Trustee.

So long as notice by first class mail has been provided as set forth above, the actual receipt by the Owner of any 2024 Bond of notice of such redemption is not a condition precedent to redemption. Neither the failure to receive such notice nor any defect in such notice will affect the validity of the proceedings for redemption of such 2024 Bonds or the cessation of interest on the date fixed for redemption.

With respect to any notice of any optional redemption of 2024 Bonds, unless at the time such notice is given the 2024 Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the principal of and premium, if any, on the 2024 Bonds on the date fixed for redemption (the “Redemption Price”), and accrued interest on, the 2024 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District shall not be required to redeem such 2024 Bonds. In the event a notice of redemption of 2024 Bonds contains such a condition and such moneys are not so received, the redemption of 2024 Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of 2024 Bonds pursuant to such notice of redemption.

Effect of Redemption. When notice has been mailed as provided in the Indenture, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the 2024 Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said 2024 Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the 2024 Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said 2024 Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of 2024 Bonds shall be held in trust for the account of the Owners of the 2024 Bonds so to be redeemed without liability to such Owners for interest thereon.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the 2024 Bonds. The ownership of the 2024 Bonds will be established by the bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the District shall execute and Trustee will authenticate and deliver a new 2018 Bond or 2024 Bond of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) 2024 Bonds for a period of 15 days next preceding the date of any selection of the 2024 Bonds to be redeemed, or (ii) any 2024 Bonds chosen for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Covenants and Warranties

The District will covenant in the Indenture to comply with the covenants and warranties therein, which will be in full force and effect upon the issuance of the 2024 Bonds. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants.”

Limited Obligations

The 2024 Bonds are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the 2024 Bonds are payable on a parity with the 2018 Bonds from Net Special Tax Revenues (described below) to be levied annually against the property in the District, and other amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund.

Under the Indenture, the District has pledged to repay the 2024 Bonds and 2018 Bonds from Net Special Tax Revenues and other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Net Special Tax Revenues consist of Special Tax Revenues less the amount required to pay Administrative Expenses. Special Tax Revenues are defined in the Indenture to include the proceeds of the Special Taxes received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes and any proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys’ fees payable from proceeds of such redemption, sale or security.

The Net Special Tax Revenues are the primary security for the repayment of the 2024 Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the 2024 Bonds and 2018 Bonds are amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund. Amounts held in the Rebate Fund and the Administrative Expense Fund are not available to pay the debt service on the 2024 Bonds or the 2018 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

EXCEPT FOR THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND, NO OTHER FUNDS ARE PLEDGED TO THE PAYMENT OF THE 2024 BONDS. THE 2024 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE COUNTY, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE 2024 BONDS.

Collection of Special Taxes

The Rate and Method provides that the Special Taxes are payable and will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that the County may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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 receipt of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds.

Although the Special Taxes, when levied, will constitute a lien on parcels subject to taxation, they do not constitute a personal indebtedness of the owners of property. There is no assurance that the owners of real property will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See also, “SPECIAL RISK FACTORS” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2024 BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2024 BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Rate and Method

General. On April 4, 2006, the Board of Supervisors established the District. The District is authorized to levy and collect the Special Tax to finance the Facilities pursuant to and in accordance with the Rate and Method, a copy of which is set forth in Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE.” Capitalized terms used under this caption “Rate and Method” shall have the meanings set forth in the Rate and Method attached as Appendix A.

The qualified electors of the District approved the Rate and Method at an election held on April 18, 2006.

Rate and Method. The Rate and Method contains the provisions by which the Legislative Body may annually levy the Special Taxes on Taxable Property within the District up to the applicable Maximum Special Tax to pay for the Special Tax Requirement. The Bonds will be secured by the annual Special Taxes levied pursuant to the Rate and Method. The Rate and Method provides that the Special Tax shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2049-50 or the stated maturity of the Bonds, whichever is sooner.

Special Tax Requirement. The Special Tax Requirement is defined in the Rate and Method as the amount required in any Fiscal Year to pay: (i) annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year, (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds, (iii) Administrative Expenses, (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year, (v) for acquisition or construction of Facilities, provided such amount does not cause an increase in the Special Tax levy on Approved Property, Undeveloped Property, Taxable Property Owners' Association Property, Taxable Public Property or Taxable Non-Residential Property, and (vi) any amounts required to establish or replenish any reserve funds for the Bonds, less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

Method of Apportionment. The Rate and Method provides that the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps in order to collect Special Taxes sufficient to satisfy the Special Tax Requirement:

First: Prior to the issuance of any series of the Bonds, the Special Tax shall be levied on each Parcel of Developed Property for which a Building Permit has been issued at 100% of the applicable Assigned Special Tax to be applied to the Cost of the Facilities. Subsequent to the issue of the first series of the Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement.

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement.

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax levied on each Parcel of Approved Property and Developed Property shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Parcel as needed to satisfy the Special Tax Requirement.

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Non-Residential Property up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Property Owners' Association Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Seventh: If additional moneys are needed to satisfy the Special Tax Requirement after the first six steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Residential Property be increased by more than 10% per Fiscal Year as a consequence of delinquency or default by the owner of any other Parcel within the District. However, the District is currently levying Special Taxes at the Assigned Special Tax rate on Developed Property and expects to continue to do so until the final series of Additional Bonds is issued, so any increase in Special Taxes would be levied on Approved Property and/or Undeveloped Property.

Taxable Property and Exempt Property. The Rate and Method declares that for each Fiscal Year, each Parcel shall be categorized as either Approved Property, Developed Property, Taxable Public Property, Taxable Property Owners' Association Property, Taxable Non-Residential Property or Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with the Rate and Method. Approved Property and Developed Property shall further be classified as Single Family Property or Multifamily Property.

(i) "Approved Property" means, for each Fiscal Year, for which a Special Tax is being levied, all Parcels of Taxable Property not classified as Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property: (i) that are included in a Final Map that was recorded prior to the January 1 preceding said Fiscal Year and (ii) that have not been issued a Building Permit prior to the April 1 preceding said Fiscal Year. Any Final Map recorded prior to July 1, 2006 shall be treated for the purposes of setting the Assigned Special Tax for such Approved Property as if it were subject to the Transportation Uniform Mitigation Fee ("TUMF") in effect as of July 1, 2006.

Certain projects that are to be constructed as condominiums may record a final map for the entire project followed by a series of condominium plan maps dividing the project into multiple phases. In those cases, the District intends to treat these individual phases as Approved Property and/or Developed Property, as applicable, as and when the condominium plan maps are recorded for the individual phases. All portions of the project not encumbered by a condominium plan map are expected to remain as Undeveloped Property.

(ii) "Developed Property" means, for each Fiscal Year after formation of the District for which the Special Tax is being levied, each Parcel of Taxable Property not classified as Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property: (i) that is included in a Final Map that was recorded prior to January 1 preceding said Fiscal Year and (ii) a Building Permit has been issued for a Single Family Residential Unit or a Multifamily Residential Unit on such Parcel prior to April 1 preceding said Fiscal Year. Parcels upon which a model unit has been constructed will be treated as Developed Property when any other Parcel within said Final Map is issued a Building Permit.

(iii) "Exempt Property" means, for each Fiscal Year any Parcel which is exempt from Special Taxes pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(iv) "Multifamily Property" means, for each Fiscal Year, a Parcel designated to be developed with one or more Multifamily Residential Units as determined by the Administrator consistent with the TUMF Ordinance in effect on the date such determination is made; provided, however, that once a Parcel is categorized as Approved Property with a Land Use Category as Multifamily Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Multifamily Residential Unit.

(v) "Single Family Property" means, for each Fiscal Year, a Parcel designated to be developed with one or more Single Family Residential Units as determined by the Administrator; provided, however, that once a Parcel is categorized as Approved Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Single Family Residential Unit.

(vi) “Taxable Non-Residential Property” means, for each Fiscal Year, any Parcel of Non-Residential Property which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(vii) “Taxable Property Owners’ Association Property” means, for each Fiscal Year, any Parcel of Property Owners’ Association Property which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(viii) “Taxable Public Property” means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(ix) “Undeveloped Property” means, for each Fiscal Year, all Taxable Property including residentially zoned property which has not become Approved Property or Developed Property, excluding Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential Property which has not become Approved Property or Developed Property and which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

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

(i) The Maximum Special Tax for each Parcel of Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners’ Association Property and Taxable Public Property is \$3,841.51 per Acre for Fiscal Year 2023-24. This rate increases by 2% each July 1, with the next increase to occur on July 1, 2025.

(ii) The Maximum Special Tax for each Parcel of Approved Property or Developed Property is determined by the date on which the Parcel became Approved Property or Developed Property and is the greater of the Assigned Special Tax or the amount derived by application of the Backup Special Tax.

The Assigned Special Tax for any parcel is calculated as a percentage of the applicable TUMF in effect when a Final Map is first recorded for such parcel and again after a building permit is issued for any parcel within such Final Map. For the Parcels which were classified as Single Family Property Developed Property for Fiscal Year 2023-24, the Assigned Special Tax ranged from \$635.87 to \$1,533.70, and for Parcels which were classified as Multifamily Property Developed Property for Fiscal Year 2023-24, the Assigned Special Tax was \$1,072.79 per multifamily unit. The Assigned Special Tax applicable to units of Approved Property in the District will depend on the amount of the TUMF at the time that a Final Map is first recorded for such parcel.

Once a Parcel is Approved Property, the Assigned Special Tax for each Parcel to be developed as Single Family Property, as shown on the Final Map, is the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the Special Tax Factor of 11.3%. The Assigned Special Tax for each Parcel that is to be developed as Multifamily Property is the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the number of proposed dwelling units as shown on the Final Map or as determined by the Administrator, multiplied by the Special Tax Factor of 11.3%.

Once a Parcel within a Final Map of Taxable Property is Developed Property, the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Single Family Property, as shown on the Final Map is established as the greater of (a) the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Single Family Property within that Final Map multiplied by the Special Tax Factor of 11.3% or (b) the Assigned Special Tax in effect for such Parcels as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property. Once a Parcel within a Final Map of Taxable Property is Developed Property, the Assigned Special Tax as Developed Property for each Parcel within the Final Map to

be developed as Multifamily Property, as determined by the Administrator, is the greater of (a) the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Multifamily Property within that Final Map multiplied by the number of dwelling units in the Building Permit for said Parcel, as determined by the Administrator, multiplied by the Special Tax Factor of 11.3% or (b) the Assigned Special Tax in effect for such Parcel as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property. The Special Tax established for Developed Property within a Final Map shall be applied to an individual parcel within said Final Map only after a Building Permit has been issued for such parcel.

On July 1st of each Fiscal Year, commencing July 1, 2007, after a parcel is determined to be Developed Property, the Assigned Special Tax for a Parcel of Developed Property will increase by an amount equal to 2.00% of the Assigned Special Tax as Developed Property in effect for such Parcel of Developed Property as of July 1st of the prior Fiscal Year.

The Backup Special Tax is the Assigned Special Tax for such Parcel provided that if the number of Parcels in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels within the changed or modified area such that the modified Backup Special Tax for each Parcel within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification of such Final Map.

TUMF Percentage Change means the percentage increase in the respective TUMF applicable to a Single Family Residential Unit or a Multifamily Residential Unit, as of July 1st of the prior calendar year to July 1st of the current calendar year, beginning with the increase from the respective TUMF in effect as of July 1, 2005 to the TUMF in effect as of July 1, 2006.

Prepayment of Special Taxes. The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property or Public Property, Property Owners' Association Property and/or Non-residential Property that is not Exempt Property. The Maximum Special Tax obligation applicable to such Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described in the Rate and Method; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment.

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification under the Rate and Method of all Parcels on the date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year (assuming a full year's debt service); plus (b) the Administrative Expenses for such Fiscal Year.

In addition, an owner of a Developed Property may partially prepay the Maximum Special Tax as specified in Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE" herein.

No Obligation of the County Upon Delinquency

The County is under no obligation to transfer any funds of the County into the Special Tax Fund or otherwise use any of its funds for payment of the principal of or interest on the Bonds if a delinquency occurs in the payment of any Special Taxes. "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales" for a discussion of the County's obligation to foreclose on Special Tax liens upon delinquencies.

Coverage and Source of Annual Debt Service

Pursuant to the Rate and Method, the District levies at 100% of the applicable Assigned Special Tax rate on parcels of Developed Property, with amounts in excess of debt service on the Bonds and administrative expenses of the District being used to finance additional Facilities. Currently, the annual Special Tax levy from Developed Property is in excess of 200% of annual debt service on the 2018 Bonds and the 2024 Bonds, plus administrative expenses of the District. The District currently expects to continue to levy at 100% of the applicable Assigned Special Tax rate on parcels of Developed Property until the final series of Additional Bonds is issued; however, the District is not obligated to do so, and could size the Special Tax levy to 110% of annual debt service on the Outstanding Bonds plus administrative expenses of the District in the future.

Moreover, Additional Bonds may be issued under certain conditions on a parity with the 2018 Bonds and the 2024 Bonds which could potentially cause part of or all of the 2018 Bonds and the 2024 Bonds to be expected to be payable from Special Taxes on Approved Property and Undeveloped Property (as such terms are defined in the Rate and Method). See “— Additional Bonds” and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

Additionally, pursuant to Section 53321(d) of the California Government Code, Special Taxes levied on any parcel of property used for private residential purposes in the District may not be increased by more than 10% in any fiscal year above the amount that would have been levied in that fiscal year had there never been any such delinquency or default. As a result, it is possible that, following the last issue of Additional Bonds and all of the Facilities being financed, the District may not be able to levy Special Taxes at the full amount of the Maximum Special Tax rates, as a result of high delinquencies. Additional debt service coverage on the 2018 Bonds and the 2024 Bonds plus estimated Administrative Expenses may be derived from Approved Property and Undeveloped Property. The District is currently levying Special Taxes at the Assigned Special Tax rate on Developed Property and expects to continue to do so until the final series of Additional Bonds is issued, so any increase in Special Taxes would be levied on Approved Property and/or Undeveloped Property. Moreover, the coverage from Maximum Special Taxes from all Taxable Property, including Developed, Approved Property and Undeveloped Property, could be reduced to as low as 110% of maximum annual debt service plus estimated Administrative Expenses in the event that the maximum amount of Additional Bonds are issued in accordance with the Indenture, and the coverage from Developed Property could be reduced substantially. See “— Additional Bonds” below and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

The following table shows debt service coverage from Developed Property and all Taxable Property, based on current development status within the District.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX COVERAGE

<i>Year Ending June 30,</i>	<i>Estimated Annual Assigned Special Tax - Developed Property⁽¹⁾</i>	<i>Estimated Annual Assigned Special Tax - Undeveloped Property⁽¹⁾</i>	<i>Estimated Annual Assigned Special Tax - Taxable Property⁽¹⁾</i>	<i>Estimated Administrative Expenses</i>	<i>Net Estimated Special Tax - Developed Property⁽²⁾</i>	<i>Net Estimated Special Tax - Taxable Property⁽³⁾</i>	<i>Estimated 2018 Bonds Debt Service</i>	<i>Estimated 2024 Bonds Debt Service⁽⁴⁾</i>	<i>Coverage Estimated Special Tax Levy - Developed Property⁽⁵⁾</i>	<i>Coverage Estimated Special Tax Levy - Taxable Property⁽⁵⁾</i>
2024	\$ 2,526,102	\$ 2,411,507	\$ 4,937,609	\$ 68,193	\$2,457,909	\$4,869,416	\$ 128,000	\$ 0	N/A	N/A
2025	2,576,625	2,459,737	5,036,361	88,777	2,487,848	4,947,584	256,000	971,754	202.63%	402.98%
2026	2,628,157	2,508,931	5,137,088	90,552	2,537,605	5,046,536	256,000	993,700	203.06	403.82
2027	2,680,720	2,559,110	5,239,830	92,364	2,588,357	5,147,467	256,000	1,011,450	204.22	406.13
2028	2,734,335	2,610,292	5,344,627	94,211	2,640,124	5,250,416	256,000	1,037,450	204.11	405.92
2029	2,789,021	2,662,498	5,451,519	96,095	2,692,926	5,355,424	256,000	1,061,200	204.44	406.58
2030	2,844,802	2,715,748	5,560,550	98,017	2,746,785	5,462,533	256,000	1,082,700	205.18	408.05
2031	2,901,698	2,770,063	5,671,761	99,977	2,801,720	5,571,784	256,000	1,106,950	205.56	408.80
2032	2,959,732	2,825,464	5,785,196	101,977	2,857,755	5,683,219	256,000	1,133,700	205.64	408.95
2033	3,018,926	2,881,974	5,900,900	104,016	2,914,910	5,796,884	256,000	1,157,700	206.19	410.05
2034	3,079,305	2,939,613	6,018,918	106,097	2,973,208	5,912,821	256,000	1,183,950	206.48	410.63
2035	3,140,891	2,998,405	6,139,296	108,219	3,032,672	6,031,078	256,000	1,212,200	206.56	410.78
2036	3,203,709	3,058,373	6,262,082	110,383	3,093,326	6,151,699	256,000	1,237,200	207.16	411.98
2037	3,267,783	3,119,541	6,387,324	112,591	3,155,192	6,274,733	256,000	1,263,950	207.59	412.82
2038	3,333,139	3,181,932	6,515,070	114,842	3,218,296	6,400,228	256,000	1,292,200	207.87	413.40
2039	3,399,801	3,245,570	6,645,372	117,139	3,282,662	6,528,232	256,000	1,316,700	208.73	415.10
2040	3,467,797	3,310,482	6,778,279	119,482	3,348,315	6,658,797	256,000	1,352,450	208.17	413.99
2041	3,537,153	3,376,691	6,913,845	121,872	3,415,282	6,791,973	256,000	1,378,700	208.92	415.49
2042	3,607,896	3,444,225	7,052,122	124,309	3,483,587	6,927,812	256,000	1,410,700	209.01	415.66

⁽¹⁾ Reflects the actual Assigned Special Tax for Fiscal Year 2023-24, and the projected Assigned Special Tax all years thereafter. The Assigned Annual Special Tax increases 2% each year. Until such time as the District sells the full Additional Bond authorization (\$77 million) or the County determines not to sell any more Additional Bonds, the County expects to continue to levy Special Taxes on Developed Property at 100% of the Assigned Special Tax rate therefor.

⁽²⁾ Calculated as the Estimated Annual Assigned Special Tax for Developed Property minus Estimated Administrative Expenses.

⁽³⁾ Calculated as the Estimated Annual Assigned Special Tax for Taxable Property minus Estimated Administrative Expenses.

⁽⁴⁾ Preliminary annual debt service on the 2024 Bonds as provided by the Underwriter.

⁽⁵⁾ Though the projected Annual Assigned Special Tax exceeds 110% coverage, Special Taxes levied on any parcel of property used for private residential purposes in the District may not be increased by more than 10% in any fiscal year above the amount that would have been levied in that fiscal year had there never been any such delinquency or default. As a result, it is possible that, following the last issue of Additional Bonds and all of the Facilities being financed, the District may not be able to levy Special Taxes at the full amount of the Maximum Special Tax rates, as a result of high delinquencies.

Source: Webb Municipal Finance, LLC.

Proceeds of Foreclosure Sales

The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within the District resulting from a landowner's failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Net Special Tax Revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Supervisors of the County, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant in the Indenture with and for the benefit of the Owners of the 2024 Bonds that the District will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the

total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings. However, notwithstanding the foregoing, the District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Special Tax delinquency, if permitted by law. Additionally, notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and 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 foreclosure proceedings cost. See Appendix C — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Fund) have been exhausted, debt service payments on the 2024 Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the County and the District. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure Delay" herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios" herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the County any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

If the County does purchase such property through a credit bid (which the County has done on occasion in the past but is not obligated to do so), the credit bid is not required to be paid for 24 months.

If the Reserve Fund is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the 2024 Bond owners pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method and the Act (specifically, the Maximum Special Tax and the requirement under the Act that under no circumstances shall the Special Taxes levied against any Parcel of Residential Property, as defined in the Rate and Method, be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel within the District), the District may adjust the Special Taxes levied on all property in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the Bonds and to replenish the Reserve Fund. There is, however, no assurance that the Maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the Bonds by the Indenture.

Special Taxes Are Not Within Teeter Plan

The County has adopted a Teeter Plan as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include assessments, reassessments and special taxes in its Teeter program. **The Special Taxes are not included in the County's Teeter Program.**

Tender for Bonds

In accordance with Section 53344.1 of the California Government Code, the District has reserved to itself the right to adopt a policy permitting the tender of Bonds or Additional Bonds in full payment or partial payment of any Special Taxes, provided that the District shall have first received a certificate from an

Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the 2024 Bonds and Additional Bonds when due and to pay estimated Administrative Expenses when due.

Special Tax Fund

The Trustee has established and maintains a separate fund designated the “Special Tax Fund.” As soon as practicable after the receipt by the District of any Special Tax Revenues, the District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any Special Tax Revenues that represent prepaid Special Taxes that are to be applied to the redemption of the Bonds in accordance with the provisions of the Indenture, said prepaid Special Taxes shall be identified as such in a Written Certificate of the District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, the portion of such prepaid Special Taxes to be applied to the Redemption Price of the Bonds to be so redeemed shall be identified in such Written Certificate of the District and shall be deposited by the Trustee in the Redemption Fund and the portion of such prepaid Special Taxes to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the District and shall be deposited by the Trustee in the Bond Fund.

Disbursements. Upon receipt of a Written Request of the District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

On the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall make the following transfers in the following order of priority:

Bond Fund. The Trustee shall withdraw from the Special Tax Fund and transfer to the Bond Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Bond Fund to be equal to the principal and interest due on the Bonds on such Interest Payment Date; and

Reserve Fund. After having made any transfers required to be made pursuant to the preceding paragraph, the Trustee shall withdraw from the Special Tax Fund and transfer to the Reserve Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

On each September 2, after having made any transfer required to the Administrative Expense Fund, the Bond Fund and the Reserve Fund, as described above, the Trustee shall transfer any remaining amounts in the Special Tax Fund to the Non-Proceeds Account of the Improvement Fund.

Bond Fund

The Trustee will hold the Bond Fund (as defined in the Indenture) for the benefit of the Bond Owners.

On each Interest Payment Date, the Trustee will withdraw from the Bond Fund and pay to the Bond Owners the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture relating to the application of Net Special Tax Revenues upon a default. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS

OF THE INDENTURE — Events of Default and Remedies — Application of Net Special Tax Revenues After Default.”

Redemption Fund

Moneys in the Redemption Fund shall be set aside and used solely for the purpose of redeeming Bonds in accordance with the Indenture.

Reserve Fund

Certain proceeds of the 2024 Bonds will be deposited into the Reserve Fund in an amount equal to the amount required to increase the balance in the Reserve Fund to the Reserve Requirement (see “SOURCES AND USES OF FUNDS” herein). Reserve Requirement is defined in the Indenture to mean, as of any date of calculation, an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with proceeds of subsequently issued Bonds), (b) the Maximum Annual Debt Service on the Bonds and (c) 125% of the Average Annual Debt Service on the Bonds. Subsection (c) of the Reserve Requirement shall be calculated as of the Closing Date for the 2024 Bonds and the Reserve Requirement shall not increase (but may decrease) unless Additional Bonds are issued.

If a portion of Bonds are to be redeemed, a proportionate amount in the Reserve Fund (determined on the basis of the principal of such Bonds to be redeemed and the original principal of such Bonds) will be applied to the redemption of such Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed).

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds or, in accordance with the provisions of the Indenture, for the purpose of redeeming Bonds. Transfers shall be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with the Indenture.

Moneys in the Reserve Fund will be invested and deposited as described in the Indenture. Subject to the provisions of the Indenture relating to the Rebate Fund, any interest or profits or other income received with respect to investments held in the Reserve Fund will be transferred to the Proceeds Account of the Improvement Fund or the Earnings Fund, as directed by the Indenture, to the extent amounts on deposit on the Reserve Fund exceed the Reserve Requirement.

See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Flow of Funds; Investments — Investment of Moneys” for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

Administrative Expense Fund

The Trustee will receive the transfer of Special Taxes from the District from the Special Tax Fund and deposit in the Administrative Expense Fund an amount sufficient to pay Administrative Expenses.

Moneys in the Administrative Expense Fund will not be pledged to payment of debt service on the Bonds.

Additional Bonds

The District may at any time after the issuance and delivery of the 2024 Bonds issue Additional Bonds in an aggregate amount not to exceed \$77,275,000 payable from Net Special Tax Revenues secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding 2018 Bonds and the Outstanding 2024 Bonds and any other Additional Bonds then outstanding under the Indenture. Additional Bonds may be issued for the purpose of funding additional Facilities costs, for the purpose of refunding all or a portion of the 2018 Bonds and the 2024 Bonds or any Additional Bonds then Outstanding, for providing funds to pay costs of issuance incurred in connection with the issuance of such Additional Bonds, and providing funds to make any deposit to the Reserve Fund required under the Indenture in connection with the issuance of such Additional Bonds. The issuance of Additional Bonds to fund additional Facilities costs will require an increase in the amount of Special Taxes levied annually, which could result in the need to levy Special Taxes on Approved Property or Undeveloped Property and would reduce the coverage ratio between the Maximum Special Taxes that could be levied annually and the annual levy required to pay debt service on the 2024 Bonds, the 2018 Bonds and Additional Bonds plus Administrative Expenses. See “— Coverage and Source of Annual Debt Service” above and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

The Indenture provides that Additional Bonds may only be issued subject to certain conditions precedent, including but not limited to the District having received a certificate of one or more Independent Consultant, except as otherwise described below, certifying as of the closing date that:

- (i) on the basis of the parcels of land and improvements existing in the District as of the January 1 preceding the proposed issuance of such Additional Bonds, for each Fiscal Year that Bonds will be Outstanding, the amount of the Available Special Taxes that may be levied on all Taxable Property in such Fiscal Year is at least equal to 110% of Annual Debt Service for the Corresponding Bond Year on all Outstanding Bonds; and
- (ii) the sum of (A) the Assessed Value of parcels of Taxable Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Taxable Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least seven (7) times the sum of (I) the aggregate principal amount of all Bonds that will be Outstanding after the issuance of such Additional Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Taxable Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Taxable Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available..

The receipt of a Certificate described above will not be a condition precedent to the issuance of Additional Bonds if (i) such Additional Bonds are being issued to refund previously issued Bonds, and (ii) Annual Debt Service in each Bond Year calculated for all Bonds that will be outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year calculated for all Bonds which are Outstanding immediately prior to the issuance of such Additional Bonds.

For a complete description of all conditions that must be satisfied prior to issuance of Additional Bonds, see Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

For purposes of the above, the following capitalized terms have the following meanings.

“Independent Consultant” means any consultant or firm of such consultants selected by the District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the District or the County, (c) does not have any substantial interest, direct or indirect, with or in the District or the County, or any owner of real property in the District, or any real property in the District, and (d) is not connected with the District or the County as an officer or employee thereof, but who may be regularly retained to make reports to the District or the County.

“Other CFD Bonds” means, as of the date of determination, any and all bonds, notes or other evidences of indebtedness, other than the Bonds, then outstanding issued under the Act and payable at least partially from special taxes to be levied on parcels of Taxable Property.

“Qualified Appraisal Report” means a real estate appraisal report which (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than three months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of the Indenture, (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, and (d) is prepared in accordance with the applicable guidelines of the California Debt and Investment Advisory Commission for such reports, as such guidelines are in effect on the Closing Date.

“Qualified Appraiser” means a real estate appraiser selected by the District and having an “MAI” designation from the Appraisal Institute.

THE COMMUNITY FACILITIES DISTRICT

General Description; Potential Annexations

The District consists of a number of noncontiguous properties located, in part, in the City of Menifee and in part in an unincorporated portion of the County approximately 10 miles north of the City of Temecula, 35 miles southeast of the City of Riverside, 90 miles southeast of the City of Los Angeles, and 60 miles north of the City of San Diego. The District is located on both the east and west sides of Interstate 215 which is a major freeway connecting the cities of Riverside and San Diego.

The District is comprised of approximately 1,344 gross acres which are expected to be developed into approximately 758 residential acres, approximately 295 acres of street areas, approximately 229 acres of open space and drainage, approximately 49 acres of park space and approximately 13 acres of detention basins. The District may also contain a school of approximately 12 acres. Based on existing zoning and land use entitlements approved by or being processed by the County, the County estimates that the land within the District has a potential build out of approximately 4,963 residential units consisting of 3,174 single family detached units and 1,789 attached units.

For the Fiscal Year 2023-24 Special Tax levy, there were 1,760 parcels within the District classified as Developed Property which were levied at the Assigned Special Tax rates under the Rate and Method, comprised of 1,759 completed single family attached and detached residential units which have been completed and conveyed to individual homeowners, and one completed multi-family apartment complex. All of such units are classified as Developed Property under the Rate and Method for the Fiscal Year 2023-24 and are expected to continue to be levied at the Assigned Special Tax rates. The Fiscal Year 2023-24 assessed value for such Developed Property is in the aggregate amount of \$876,834,948.

Pursuant to the Rate and Method, the District levies at 100% of the applicable Assigned Special Tax rate on parcels of Developed Property, with amounts in excess of debt service on the Bonds and administrative expenses of the District being used towards Facilities. Currently, the annual Special Tax levy from Developed Property is approximately 200% of annual debt service on the 2018 Bonds and the 2024 Bonds, plus

administrative expenses of the District. The District currently expects to continue to levy at 100% of the applicable Assigned Special Tax rate on parcels of Developed Property until the final series of Additional Bonds is issued; however, the District is not obligated to do so, and could size the Special Tax levy to 110% of annual debt service on the Outstanding Bonds plus administrative expenses of the District in the future.

Moreover, Additional Bonds may be issued under certain conditions on a parity with the 2018 Bonds and the 2024 Bonds which could cause the 2018 Bonds and the 2024 Bonds to be expected to be payable from Special Taxes on Approved Property and Undeveloped Property. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds” herein.

Additionally, as of January 1, 2024, there are 30 parcels of Undeveloped Property totaling approximately 627.80 acres within the District. Such parcels are not expected to be levied by the District until such parcels become Developed Property under the Rate and Method or Additional Bonds are issued. See “THE COMMUNITY FACILITIES DISTRICT” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds” and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality” herein.

The County is aware of two additional developments in early stages of development within the District. One is in an unincorporated portion of the County east of the City of Menifee and is currently planned for approximately 446 future single family housing units. The other is in the City of Menifee and is planned for approximately 327 future condominium units.

At the time of formation of the District, an annexation area was identified, in which property owners may submit a written consent for annexation to the District. Owners of the properties within the annexation area are required by the County to annex to the District as a condition of getting an approved final map. Upon receipt of a consent to annexation, the Board of Supervisors of the County, acting ex-officio as the Legislative Body of the District, may call a special election to authorize the imposition of the Special Tax on such property. The boundaries of the territory within which any property may annex to the District are more particularly described and shown on that certain map (the “Annexation Map”) entitled “Boundaries — Potential Annexation Area Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, State of California,” a copy of which is attached hereto as Appendix G.

The County has determined that the Facilities are regional transportation facilities necessary to support development in the District and surrounding areas. The County may require landowners of annexation eligible undeveloped property proposing development to annex into the District. The undeveloped property within the unincorporated County boundaries eligible to be annexed into the District is approximately 8,798 acres. Future annexations of other developments may occur. However, there is no assurance that any additional annexations to the District will occur.

One such annexation was previously completed. During Fiscal Year 2007-08, four parcels consisting of approximately 12.41 acres within Final Tract Map No. 12598 were annexed into the District (“Annexation No. 1”). The Annexation No. 1 parcels are owned by Cantabria Development, as successor-in-interest to Fairfield Holland Road LLC (“Fairfield Holland”). Fairfield Holland developed the property within Annexation No. 1 into 230 multi-family apartments. Cantabria Development is projected to be the largest taxpayer in the District in Fiscal Year 2024-25, responsible for approximately 9.77% of the Fiscal Year projected 2024-25 Special Tax levy. See “THE COMMUNITY FACILITIES DISTRICT — Largest Taxpayers.”

If land within the annexation is within the boundaries of an incorporated city, the County will not be responsible for land use approvals and would no longer be able to require annexation with respect to such property into the District. Certain annexation areas of the District are now within the boundaries of the City of Menifee, which incorporated in 2008. Such areas will not be annexed into the District. Other annexation areas currently remain in unincorporated areas of the County. See Appendix G — “BOUNDARIES —

POTENTIAL ANNEXATION AREA” for the boundaries of the area which is currently annexable into the District.

Utility services for parcels in the District are provided by Southern California Edison Company (electricity), Southern California Gas Company (natural gas), the Eastern Municipal Water District (water and sewer), Verizon (telephone), County of Riverside Sheriff’s Department (police services) and the County of Riverside Fire Department (fire protection).

Description of Authorized Facilities; Facilities Financing Plan

Proceeds of Additional Bonds may be used to finance additional Facilities as authorized at the April 18, 2006 election within the District which include: (i) the widening of Scott Road between Antelope Road and Briggs Road to four lanes, (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way, (iii) the full width improvement to Scott Road from Antelope Road to Highway 79 including all associated appurtenances and any rights-of-way, and (iv) other road facilities and appurtenances authorized under the County’s Transportation Uniform Mitigation Fee program, as amended from time to time. Facilities include related administrative expenses, costs related to the acquisition of land for the construction of the road improvements and appurtenances, and related facilities or land or interests in land required to be provided as mitigation of environmental impacts associated with the development of the Facilities.

The first series of bonds issued by the District, the 2008 Bonds, were issued in January, 2008 in the initial aggregate principal amount of \$11,585,000 principally finance Facilities. The 2013 Bonds were issued to refund outstanding 2008 Bonds and to provide additional financing for the Scott Road/Interstate 215 interchange. The 2018 Bonds were issued to provide additional financing for certain public infrastructure improvements along a section of Scott Road. The 2024 Bonds are being issued to refund the outstanding 2013 Bonds.

The District is authorized to issue Additional Bonds in the aggregate principal amount of \$77 million. The County currently estimates that the remaining costs to complete all of the Facilities is approximately \$140 million. The County is currently in the early planning stages for additional Facilities; however, the County does not anticipate issuing Additional Bonds for at least four years, although the County could choose to issue Additional Bonds earlier if financing needs for additional Facilities were expedited.

One or more additional series of Additional Bonds may be issued in the future to finance street and highway improvements once additional development within the District warrants the issuance of Additional Bonds. The timing, amount and number of series of Additional Bonds issued may change depending on a variety of factors, including the pace of development in the District and surrounding areas. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds” and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

Land Use Status and Approvals

The General Plan for the County of Riverside, adopted by the Board of Supervisors on December 8, 2015, divides the County into 19 Community Plan Areas. The District is located in the Sun City / Menifee Valley Area Plan Area. The Comprehensive General Plan establishes foundation components (Community Development, Rural, Rural Community, Agricultural and Multipurpose Open Space). The District is within the Community Development component.

The land uses designated for the District include: (i) medium high density residential, (ii) high density residential, (iii) very high density residential, (iv) elementary school, (v) community park, (vi) drainage and (vii) streets.

As of January 1, 2024, within the District there are 1,759 single family attached and detached residential units which have been completed and conveyed to individual homeowners and one completed multi-family apartment complex. All of such units are classified as Developed Property under the Rate and Method for the Fiscal Year 2023-24 and are expected to continue be levied at the Assigned Special Tax rates.

In addition, there are 30 parcels totaling approximately 627.80 acres of Undeveloped Property within the District. Such landowners are not proceeding with development in the District at this time, and the District cannot predict when or if development of such Undeveloped Property will occur. See “SPECIAL RISK FACTORS — Failure to Develop Properties.”

Transportation Uniform Mitigation Fee. The projects in the District are required to pay fees as a condition to develop. In 2003, the County and the various cities in the western region of the County adopted a new transportation fee for development, known as the Transportation Uniform Mitigation Fee (“TUMF”), which varies periodically. The latest adjustment to the TUMF became effective January 1, 2022, which will initially add approximately \$10,104 to every new single-family residential unit and approximately \$6,580 to each future multi-family unit in the County, subject to credit for a portion, if any, of transportation facility fees imposed by the County or applicable city which relates to facilities encompassed within the transportation fee. New retail, service and industrial development will also be charged the transportation fee based on the square footage of new development (\$7.72 per square foot for retail, \$4.89 per square foot for service and \$1.86 per square foot for industrial). All other TUMF categories will remain the same during this period. Cities may opt out of the TUMF Program, but if they do so, they will not be able to receive any money from Measure A, the County’s half-cent sales tax initiative. Extension of the term of Measure A was approved by the voters at the November 5, 2002 election. The half-cent sales tax program is now extended an additional 30 years and will expire in 2039. The TUMF applies to lots within the District. Future landowners within the District will receive partial credit against payment of the TUMF based on funding of Facilities by the District.

Environmental Approvals and Permits

As required by various California Environmental Quality Act (“CEQA”) approvals, the development projects in the District are required to comply with certain mitigation measures. Certain sensitive plant and animal species, including burrowing owls, were observed within the District and mitigation measures are required to be implemented in accordance with the applicable conditions of approval. Each property owner in the County is required to provide a burrowing owl survey and provide corresponding mitigation measures, including payment of a fee and the relocation of burrowing owls present on its land, prior to obtaining an approved final map from the County. Numerous areas within the County have been identified as containing potential habitat of the Stephen’s Kangaroo Rat, which is a listed species. The evidence of habitation by this rat may result in delays or substantial revisions of proposed developments within the County.

The Western Riverside County Multiple Species Habitat Conservation Plan (“MSHCP”) was approved by federal and state wildlife agencies and the MSHCP became effective June 22, 2004. At that time, “take” permits were issued authorizing take of certain covered species. The MSHCP is a comprehensive, multi-jurisdictional effort that includes the County and 14 cities within the County. The plan focuses on the conservation of 146 species. The MSHCP consists of a reserve system of approximately 500,000 acres of which 347,000 acres are within public ownership and approximately 153,000 acres are in private ownership. The purchase of the privately owned lands will be funded by an adopted fee.

The District cannot predict the likelihood of a listing of additional species affecting the development of the property in the District. Any future listing of additional species may potentially be addressed by the MSHCP, thereby allowing affected projects to obtain take authorization for those species as well. Furthermore, certain of the developments will need to follow normal permitting requirements for impacts to wetlands and other water courses regulated by the U.S. Army Corps of Engineers and the California Department of Fish and Wildlife.

Estimated Direct and Overlapping Indebtedness

Within the boundaries of the District are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on the parcels within the District and others have authorized but have not yet issued bonds which, if issued, will be secured by taxes and assessments levied on parcels within the District. Table 2 below sets forth the existing authorized indebtedness payable from taxes and assessments that may be levied on the parcels of Developed Property within the District, prepared by Webb Municipal Finance LLC, and dated January 1, 2024 (the “Debt Report”). The Debt Report is included for general information purposes only. The District believes the information is current as of its date, but makes no representation as to its completeness or accuracy. Other public agencies and the County may issue additional indebtedness at any time, without the consent or approval of the District. See “SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property.”

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the County or other public agencies at any time.

There are various community facilities districts and assessment districts which have been formed or which are in the process of formation and which have issued bonds or are in the process of issuing bonds which overlap with the District. The issuance of bonds by such community facilities districts and assessment districts will lower the value-to-lien ratio of the property within the District and may lower the ability or willingness of certain landowners in the District to pay the Special Taxes.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
DIRECT AND OVERLAPPING DEBT

I. ASSESSED VALUE

Fiscal Year 2023-24 Assessed Value⁽¹⁾

\$ 918,249,434

II. LAND SECURED BOND INDEBTEDNESS

<u>Outstanding Direct and Overlapping Bonded Debt</u>	<u>Type</u>	<u>Issued</u>	<u>Outstanding</u>	<u>% Applicable</u>	Parcels in <u>CFD</u>	Amount <u>Applicable</u>
EMWD CFD 2016-72 (Hidden Hills)	CFD	\$ 2,400,000	\$ 2,270,000	100.00%	397	\$ 2,270,000
CFD 05-8 Scott Road	CFD	22,725,000	18,495,000 ⁽²⁾	100.00	1,790	18,495,000
CFD 92-1 PERRIS UNION HS	CFD	40,000,000	30,100,000	10.20	1,726	3,071,686
MENIFEE USD 2005-2	CFD	4,740,000	3,255,000	100.00	178	3,255,000
MENIFEE USD 2006-2	CFD	7,165,000	6,235,000	51.71	131	3,224,038
MENIFEE USD 2006-3	CFD	2,040,000	1,505,000	100.00	114	1,505,000
MENIFEE USD 2006-4	CFD	2,495,000	2,245,000	100.00	100	2,245,000
MENIFEE USD 2014-3	CFD	12,635,000	12,500,000	100.00	359	12,500,000
EMWD AD 20	AD	11,665,000	1,590,000	9.20	130	146,304
EMWD CFD 2005-39 (MARSDEN)	CFD	2,695,000	1,860,000	100.00	127	1,860,000
EMWD CFD 2006-52 (NELSON)	CFD	1,690,000	980,000	100.00	105	980,000
TOTAL OUTSTANDING LAND SECURED BONDED DEBT⁽³⁾						\$ 49,552,028

<u>Authorized and Unissued Direct and Overlapping Bonded Debt</u>	<u>Type</u>	<u>Authorized</u>	<u>Unissued</u>	<u>% Applicable</u>	Parcels in <u>CFD</u>	Amount <u>Applicable</u>
EMWD CFD 2016-72 (Hidden Hills)	CFD	\$ 4,000,000	\$ 0 ⁽⁴⁾	100.00%	397	\$ 0
CFD 05-8 Scott Road	CFD	100,000,000	77,275,000	100.00	1,790	77,275,000
CFD 92-1 PERRIS UNION HS	CFD	40,000,000	0	10.20	1,726	0
MENIFEE USD 2005-2	CFD	5,500,000	0 ⁽⁴⁾	100.00	178	0
MENIFEE USD 2006-2	CFD	8,000,000	0 ⁽⁴⁾	51.71	131	0
MENIFEE USD 2006-3	CFD	6,000,000	0 ⁽⁴⁾	100.00	114	0
MENIFEE USD 2006-4	CFD	3,000,000	0 ⁽⁴⁾	100.00	100	0
MENIFEE USD 2014-3	CFD	20,000,000	7,365,000	100.00	359	7,365,000
EMWD AD 20	AD	17,000,000	0 ⁽⁴⁾	9.20	130	0
EMWD CFD 2005-39 (MARSDEN)	CFD	4,000,000	0 ⁽⁴⁾	100.00	127	0
EMWD CFD 2006-52 (NELSON)	CFD	2,400,000	0 ⁽⁴⁾	100.00	105	0
TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽³⁾						\$ 84,640,000

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$ 134,652,028**

III. GENERAL OBLIGATION BOND INDEBTEDNESS

<u>Outstanding Direct and Overlapping Bonded Debt</u>	<u>Type</u>	<u>Issued</u>	<u>Outstanding</u>	<u>% Applicable⁽⁵⁾</u>	Parcels in <u>CFD</u>	Amount <u>Applicable</u>
Menifee Union School B & I (0.06303%)	GO	\$ 180,955,495	\$ 152,811,292	5.59720%	1,790	\$ 8,553,150
Perris Union High School B & I (0.08173%)	GO	363,415,283	290,293,435	3.48402	1,790	10,113,882
MT San Jacinto Comm (0.01320%)	GO	295,000,000	242,210,000	0.78899	1,790	1,911,005
Metropolitan Water East (0.00350%)	GO	850,000,000	18,210,000	0.02378	1,790	4,330
Eastern Muni Water Imp U-35 (0.00860%)	GO	9,000,000	6,343,000	9.62450	1,728	610,482
Eastern Muni Water Imp U-36 (0.00860%)	GO	9,012,000	6,352,000	9.62510	1,728	611,386
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT						\$ 21,804,475

<u>Authorized and Unissued Direct and Overlapping Bonded Debt</u>	<u>Type</u>	<u>Authorized</u>	<u>Unissued</u>	<u>% Applicable</u>	Parcels in <u>CFD</u>	Amount <u>Applicable</u>
Menifee Union School B & I (0.06303%)	GO	\$ 180,960,000	\$ 4,506	5.59720%	1,790	\$ 252
Perris Union High School B & I (0.08173%)	GO	363,420,000	4,717	3.48402	1,790	164
MT San Jacinto Comm (0.01320%)	GO	295,000,000	0	0.78899	1,790	0
Metropolitan Water East (0.00350%)	GO	850,000,000	0	0.02378	1,790	0
Eastern Muni Water Imp U-35 (0.00860%)	GO	46,200,000	37,200,000	9.62450	1,728	3,580,314
Eastern Muni Water Imp U-36 (0.00860%)	GO	19,700,000	10,688,000	9.62510	1,728	1,028,730
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 4,609,461

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 26,413,696**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	\$ 71,356,264
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS	\$ 160,605,725

IV. Ratios to 2023-24 Assessed Valuation

Outstanding Land Secured Bonded Debt	18.53:1
Total Outstanding Bonded Debt	12.87:1

⁽¹⁾ Fiscal Year 2023-24 Assessed Valuation data includes values for parcels classified as Developed, Approved, and Undeveloped property as of January 1, 2023, Riverside County Assessor's Office.

⁽²⁾ Amount outstanding is equal to the outstanding principal amount of the 2018 Bonds plus the initial principal amount of the 2024 Bonds.

⁽³⁾ Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2023-24.

⁽⁴⁾ Indicates such taxing jurisdictions have covenanted not to issue additional bonds except for refunding purposes.

⁽⁵⁾ Percentage applicable determined by Fiscal Year 2023-24 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

Community Facilities Districts, Overlapping Assessments and Maintenance Community Facilities Districts. The District is within the 54-153 Tax Rate Area according to the Riverside County Tax Collector's office. For the Parcels which were classified as Single Family Property Developed Property for Fiscal Year 2023-24, the Assigned Special Tax ranged from \$635.87 to \$1,533.70, and for Parcels which were classified as Multifamily Developed Property for Fiscal Year 2023-24, the Assigned Special Tax was \$1,072.79 per multifamily unit. The Assigned Special Tax applicable to units of Approved Property in the District will depend on the amount of the TUMF at the time that a Final Map is first recorded for such parcel. No Special Tax was levied on Approved Property or Undeveloped Property in Fiscal Year 2023-24. The Maximum Special Taxes for Fiscal Year 2024-25 are estimated at \$3,841.51 per acre for Undeveloped Property, Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property. The foregoing rates are subject to increase as set forth in the Rate and Method.

The properties that are within other existing community facilities districts and assessment districts, as noted in Table 2 above, will have higher tax rates. Subsequent to the issuance of the 2024 Bonds, additional overlapping community facilities districts and/or assessment districts may be formed and may issue bonds, which would increase the total tax burden of any properties in the District included therein. See "SPECIAL RISK FACTORS—Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property."

Expected Tax Burden

Table 3 below sets forth a sample property tax bill for certain parcels of Developed Property in the District. The taxes, assessments and charges set forth in Table 3 are based on a weighted average of such taxes, assessments and charges based on Fiscal Year 2023-24 overlapping taxes and assessments. Actual property tax bills will vary significantly from parcel to parcel depending on the home size and location. There are numerous overlapping local agencies within the boundaries of the District as shown in Table 2 herein. Based on the weighted average of the taxes, assessments and charges within the District, the weighted average total effective tax rate on homes owned by individuals within the District is approximately 2.02% of the assessed values from the Riverside County Assessor's Office Fiscal Year 2023-24 Certified Roll. The actual amounts charged may vary and may increase in future years. Based on the property tax information for Fiscal Year 2023-24 and Fiscal Year 2023-24 assessed values, the estimated total effective tax rate range for units in the District is approximately 1.64% of assessed value to approximately 2.55% of assessed value.

Because a parcel's assessed value generally represents the lower of its acquisition cost and adjustments for inflation (but not more than 2% per year) or its current market value, assessed value may not be indicative of a parcel's market value. Since January 1, 2023, 82 home sales have occurred in tracts with effective tax rates shown in Table 3 at or above 2%, with sales information available on 35 of such home sales. For such 35 homes sales, sales prices ranged from \$618,000 to \$703,500, significantly above the assessed values shown in Table 3.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
PROJECTED FISCAL YEAR 2024-25 TAX OBLIGATION
FOR PARCELS OF DEVELOPED PROPERTY⁽¹⁾

	<i>TR 28206-1</i>	<i>TR 28206-2</i>	<i>TR 30142</i>	<i>TR 30142-1</i>	<i>TR 30142-2</i>	<i>TR 30664</i>	<i>TR 30902</i>	<i>TR 31347</i>	<i>TR 31383</i>	<i>TR 31629</i>	<i>TR 31724</i>	<i>TR 31831</i>	<i>TR 32277-1</i>	<i>TR 32277-2</i>	<i>TR 32277-3</i>	<i>TR 36788</i>
Average Home Value(2)	\$445,359	\$376,179	\$433,787	\$418,181	\$559,879	\$891,857	\$406,554	\$468,876	\$449,610	\$421,367	\$426,632	\$342,978	\$598,517	\$523,831	\$490,721	\$514,436
<i>Ad Valorem Property Taxes:</i>																
General Purpose (1.00000%)	\$ 4,454	\$ 3,762	\$ 4,338	\$ 4,182	\$ 5,599	\$ 8,919	\$ 4,066	\$ 4,689	\$ 4,496	\$ 4,214	\$ 4,266	\$ 3,430	\$ 5,985	\$ 5,238	\$ 4,907	\$ 5,144
Menifee Union School B & I (0.06303%)	281	237	273	264	353	562	256	296	283	266	269	216	377	330	309	324
Perris Union High School B & I (0.08173%)	364	307	355	342	458	729	332	383	367	344	349	280	489	428	401	420
MT San Jacinto Comm (0.01320%)	59	50	57	55	74	118	54	62	59	56	56	45	79	69	65	68
Metropolitan Water East (0.00350%)	16	13	15	15	20	31	14	16	16	15	15	12	21	18	17	18
Eastern Muni Water Imp U-35 (0.00860%)	38	32	37	36	48		35	40	39	36	37	29	51	45	42	44
Eastern Muni Water Imp U-36 (0.00860%)	38	32	37	36	48		35	40	39	36	37	29	51	45	42	44
Total Ad Valorem Property Taxes	\$ 5,249	\$ 4,434	\$ 5,113	\$ 4,929	\$ 6,599	\$ 10,359	\$ 4,792	\$ 5,526	\$ 5,299	\$ 4,966	\$ 5,029	\$ 4,043	\$ 7,054	\$ 6,174	\$ 5,784	\$ 6,063
<i>Assessment, Special Taxes & Parcel Charges:</i>																
CFD 05-8 Scott Road(3)	\$ 1,558	\$ 1,434	\$ 1,247	\$ 649	\$ 1,247	\$ 1,558	\$ 1,534	\$ 1,564	\$ 1,534	\$ 1,534	\$ 1,534	\$ 1,558	\$ 1,129	\$ 1,129	\$ 1,129	\$ 1,085
CFD 2016-72 HIDDEN HILLS			277		559											
FLD CNTL STORMWATER/CLEANWATER	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
CSA #84								55								
CSA #152			72	72	72	72	66	45	45	45	45	45				
PERRIS UNION HS CFD 92-1	325	299	328	318	330	330	314	330	319	324	319	330	321	327	327	330
MENIFEE USD CFD 2005-2									2,151							
MENIFEE USD CFD 2006-2	2,153	1,891														
MENIFEE USD CFD 2006-3																
MENIFEE USD CFD 2006-4						2,308		1,794		1,693						
MENIFEE USD CFD 2014-3													2,489	2,158	1,910	
MENIFEE CFD 2012-02			598	598	598											
AD MENIFEE LLMD 89-1-C ZN 63									71							
AD MENIFEE LLMD 89-1-C ZN 69											484					
AD MENIFEE LLMD 89-1-C ZN 81												483				
AD MENIFEE LLMD 89-1-C ZN 114	22	22														
AD MENIFEE LLMD 89-1-C ZN 133			248	248	248											
AD MENIFEE CSA 84	56	56							56	56						
AD MENIFEE CSA 145						829	175				201	201				
V-WIDE REGIONAL FAC LMD 88-1	6	6						6	6	6						
V-WIDE LMD MENIFEE SOUTH PARK	999	999						474	999	368						
MWD STANDBY EAST	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
EMWD INFRASTRUCTURE AVAILABILITY																
CHARGE	25	25	25	25	25	25	25	25	25	25	25	25	3	3	3	25
EMWD AD 20	429	429														
EMWD CFD 2005-39																
EMWD CFD 2006-52							1,209				1,375					
CITY OF MENIFEE CFD 2015-2 TAX ZONE 1													1,080	1,080	1,080	
CITY OF MENIFEE CFD 2015-2 TAX ZONE 8																898
Total Taxes and Assessments	\$ 5,583	\$ 5,171	\$ 2,805	\$ 1,920	\$ 3,088	\$ 5,132	\$ 3,333	\$ 4,304	\$ 5,215	\$ 4,061	\$ 3,994	\$ 2,652	\$ 5,034	\$ 4,708	\$ 4,460	\$ 2,349
Average Total Property Tax	\$ 10,883	\$ 9,605	\$ 7,918	\$ 6,849	\$ 9,687	\$ 15,491	\$ 8,125	\$ 9,831	\$ 10,514	\$ 9,028	\$ 9,022	\$ 6,695	\$ 12,088	\$ 10,883	\$ 10,244	\$ 8,412
Average Effective Tax Rate	2.43%	2.55%	1.83%	1.64%	1.73%	1.74%	2.00%	2.10%	2.34%	2.14%	2.11%	1.95%	2.02%	2.08%	2.09%	1.64%

(1) Reflects average Fiscal Year 2023-24 effective tax rates. Amounts are rounded to the nearest dollar.

(2) Average home value represents the average Fiscal Year 2023-24 total assessed value for parcels to be classified as Developed Property for Fiscal Year 2023-24 and which were assigned structure assessed value by the Riverside County Assessor.

(3) Reflects the District's Average Projected Fiscal Year 2024-25 Special Tax Levy for parcels projected to be classified as Developed Property for Fiscal Year 2024-25.

Source: Webb Municipal Finance, LLC.

Estimated Assessed Value-to-Lien Ratios

Table 4 sets forth the historical assessed value of Developed Property, Approved Property, Undeveloped Property and total assessed value for the current Fiscal Year and the previous four Fiscal Years.

Table 5 below sets forth the estimated assessed value-to-lien ratios for various categories of property ownership within the District based upon ownership status as of January 1, 2024 and the assessed values included on the Fiscal Year 2023-24 Assessor's roll. The assessed value of all Taxable Parcels within the District for Fiscal Year 2023-24 is \$918,249,434.

Moreover, the Fiscal Year 2023-24 assessed value from property classified as Developed Property for the Fiscal Year 2023-24 Special Tax levy is \$876,834,948. The estimated assessed value-to-lien ratio of the Developed Property within the District based upon the principal amount of the 2018 Bonds, the principal amount of the 2024 Bonds, overlapping debt payable from other taxes and assessments levied on the property within the District and the assessed values included on the 2023-24 Assessor's roll is 17.70-to-1 based on Developed Property only. Because a parcel's assessed value generally represents the lower of its acquisition cost and adjustments for inflation (but not more than 2% per year) or its current market value, it may not be indicative of the parcel's market value. No assurance can be given that any of the value-to-lien ratios in Tables 4 and 5 will be maintained during the period of time that the 2024 Bonds are outstanding. The District does not have any control over future property values or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which is made through the levy of a tax or an assessment with a lien on a parity with the Special Taxes. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios."

Table 6 below sets forth the estimated value-to-lien ratios for parcels within the District by various ranges based upon the direct and overlapping debt information included in Table 2.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SUMMARY OF HISTORICAL ASSESSED VALUES
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>No. of Developed Parcels</i>	<i>Assessed Value of Developed Parcels</i>	<i>No. of Approved Parcels</i>	<i>Assessed Value of Approved Parcels</i>	<i>Undeveloped Property Acres</i>	<i>Assessed Value of Undeveloped Property</i>	<i>Total Assessed Valuation⁽¹⁾</i>	<i>Annual Percentage Change</i>
2019-20	1,163	\$439,549,707	481	\$41,407,916	654.91	\$33,907,007	\$514,864,630	N/A
2020-21	1,385	546,387,180	377	62,255,426	627.80	31,052,528	639,695,134	24.25%
2021-22	1,691	700,211,780	69	4,324,154	627.80	32,571,148	737,107,082	15.23
2022-23	1,759	834,478,951	1	42,129	627.80	34,940,790	869,461,870	17.96
2023-24	1,760	876,834,948	0	0	627.80	41,414,486	918,249,434	5.61

⁽¹⁾ As of January 1 of each year as shown on the County Assessor's Rolls. Total Assessed Value is calculated as the sum of Land Assessed Value and Structure Assessed Value.
Source: Webb Municipal Finance, LLC.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
ESTIMATED VALUE-TO-LIEN RATIOS
FISCAL YEAR 2023-24 PROPERTY OWNERSHIP BY CLASSIFICATION

<i>Classification</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Assessed Value⁽¹⁾</i>	<i>Percent of Assessed Value</i>	<i>Projected Fiscal Year 2024-25 Special Tax Levy⁽²⁾</i>	<i>Percent of Special Tax Levy</i>	<i>2018 Bonds</i>	<i>2024 Bonds</i>	<i>Other Overlapping Debt⁽³⁾</i>	<i>Total Outstanding Debt</i>	<i>Aggregate Value-to- Lien</i>
Single Family Residential	1,759	\$828,120,234	90.18%	\$ 2,324,947	90.23%	\$ 9,893,969	\$ 12,068,566	\$ 30,865,048	\$ 47,553,507	17.41:1
Multifamily Residential										
Property ⁽⁴⁾	1	48,714,714	5.31	251,678	9.77	500,108	1,306,434	191,980	1,998,522	24.38:1
Undeveloped Property	30	41,414,486	0.05	0	0.00	0	0	0	0	N/A
Total	1,790	\$918,249,434	100.00%	\$ 2,576,625	100.00%	\$ 5,120,000	\$ 13,375,000	\$ 31,057,028	\$ 49,552,028	18.53:1

⁽¹⁾ Fiscal Year 2023-2024 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

⁽²⁾ Includes debt service for the 2018 Bonds and the 2024 Bonds and estimated administration in the amount of \$69,112. Developed Property is expected to be levied at the Assigned Special Tax rate until the final series of Additional Bonds is issued. Approved Property and Undeveloped Property are not projected to be taxed for Fiscal Year 2024-25; however, such property may be taxed in the future if necessary to satisfy the Special Tax Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds."

⁽³⁾ Includes Perris Union HS CFD 92-1, Menifee USD CFD 2005-2, Menifee USD CFD 2006-2, Menifee USD CFD 2006-3, Menifee USD CFD 2006-4, Menifee USD CFD 2014-3, EMWD AD 20, EMWD CFD 2005-39, and EMWD CFD 2006-52 outstanding bonds.

⁽⁴⁾ Includes one apartment complex parcel comprising 230 total residential units.

Source: Webb Municipal Finance, LLC.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY

<i>Assessed Value-to-Lien</i>	<i>No. of Parcels⁽¹⁾</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2024-25 Special Tax⁽²⁾</i>	<i>Percent of Projected Special Tax</i>	<i>Fiscal Year 2023-24 Assessed Value⁽³⁾</i>	<i>Percent of Assessed Value</i>	<i>Aggregate Outstanding Land Secured Debt⁽⁴⁾</i>	<i>Percent of Aggregate Outstanding Land Secured Debt</i>	<i>Aggregate Value-to-Lien</i>
Less than 10.00:1 ⁽⁵⁾	112	6.36%	\$ 158,203	6.14%	\$ 35,213,979	4.02%	\$ 4,074,377	8.22%	8.64:1
10.00:1 to 14.99:1	646	36.70	866,075	33.61	292,094,410	33.31	23,884,144	48.20	12.23:1
15.00:1 to 19.99:1	279	15.85	415,321	16.12	132,285,339	15.09	7,895,589	15.93	16.75:1
20.00:1 to 24.99:1	118	6.70	426,190	16.54	115,622,392	13.19	4,995,589	10.08	23.14:1
25.00:1 to 29.99:1	226	12.84	298,814	11.60	110,462,174	12.60	3,984,270	8.04	27.72:1
Greater than 29.99:1 ⁽⁶⁾	379	21.53	412,021	15.99	191,156,654	21.80	4,718,059	9.52	40.52:1
Total	1,760	100.00%	\$2,576,625	100.00%	\$876,834,948	100.00%	\$ 49,552,028	100.00%	17.70:1

⁽¹⁾ Reflects the number of parcels classified as Developed Property in Fiscal Year 2023-24 and projected to be levied for Fiscal Year 2024-25.

⁽²⁾ Includes debt service for the 2018 Bonds, the 2024 Bonds and estimated administration in the amount of \$69,112. Developed Property is expected to be levied at the Assigned Special Tax rate until the final series of Additional Bonds is issued. Approved Property and Undeveloped Property are not projected to be taxed for Fiscal Year 2024-25; however, such property may be taxed in the future if necessary to satisfy the Special Tax Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds."

⁽³⁾ Fiscal Year 2023-24 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

⁽⁴⁾ Includes the 2024 Bonds in addition to Perris Union HS CFD 92-1, Menifee USD CFD 2005-2, Menifee USD CFD 2006-2, Menifee USD CFD 2006-3, Menifee USD CFD 2006-4, Menifee USD CFD 2014-3, EMWD AD 20, EMWD CFD 2005-39, and EMWD CFD 2006-52 outstanding bonds.

⁽⁵⁾ Minimum estimated assessed value-to-lien is 2.87:1. Parcel has decreased Assessed Value pursuant to a Prop 60/90/110 exemption.

⁽⁶⁾ Maximum estimated assessed value-to-lien is 116.11:1.

Source: Webb Municipal Finance, LLC.

Largest Taxpayers

100% of the Special Taxes were levied on Developed Property in Fiscal Year 2023-24 and are projected to be levied on parcels to be classified as Developed Property in Fiscal Year 2024-25. Cantabria Development is projected to be the largest taxpayer in the District in Fiscal Year 2024-25, projected to be responsible for approximately 9.77% of the Fiscal Year projected 2024-25 Special Tax levy. See “SPECIAL RISK FACTORS – Concentration of Ownership.”

A summary of the largest taxpayers within the District is set forth in Table 7 below.

TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
ESTIMATED VALUE-TO-LIEN RATIOS
LARGEST PROPERTY OWNERS OF PARCELS OF DEVELOPED PROPERTY

<i>Owner</i>	<i>No. of Parcels⁽¹⁾</i>	<i>Assessed Value⁽²⁾</i>	<i>Percent of Assessed Value</i>	<i>2018 Bonds</i>	<i>2024 Bonds</i>	<i>Other Overlapping Debt⁽³⁾</i>	<i>Aggregate Outstanding Debt</i>	<i>Value-to- Lien Ratio</i>	<i>Projected Fiscal Year 2024-25 Special Tax⁽⁴⁾</i>	<i>Percent of Projected Special Tax</i>
Cantabria Development ⁽⁵⁾	1	\$ 48,714,714	5.56%	\$ 500,108	\$ 1,306,434	\$ 191,980	\$ 1,998,522	24.38:1	\$ 251,678	9.77%
B&D CONSOLIDATION	3	621,688	0.07	9,290	24,268	5,008	38,567	16.12:1	4,675	0.18
INDIVIDUAL OWNER	3	1,271,984	0.15	7,432	19,414	15,340	42,186	30.15:1	3,740	0.15
INDIVIDUAL OWNER	3	1,440,977	0.16	6,731	17,584	100,799	125,114	11.52:1	3,387	0.13
INDIVIDUAL OWNER	2	1,080,365	0.12	5,525	14,433	25,034	44,992	24.01:1	2,780	0.11
INDIVIDUAL OWNER	1	846,600	0.10	3,109	8,121	19,954	31,184	27.15:1	1,564	0.06
INDIVIDUAL OWNER	1	760,000	0.09	3,109	8,121	27,261	38,490	19.75:1	1,564	0.06
INDIVIDUAL OWNER	1	708,900	0.08	3,109	8,121	31,053	42,282	16.77:1	1,564	0.06
INDIVIDUAL OWNER	1	708,900	0.08	3,109	8,121	19,954	31,184	22.73:1	1,564	0.06
INDIVIDUAL OWNER	<u>1</u>	<u>640,000</u>	<u>0.07</u>	<u>3,109</u>	<u>8,121</u>	<u>27,261</u>	<u>38,490</u>	<u>16.63:1</u>	<u>1,564</u>	<u>0.06</u>
Subtotal	17	\$ 56,794,128	6.48%	\$ 544,628	\$ 1,422,735	\$ 463,646	\$ 2,431,009	23.36:1	\$ 274,083	10.64%
All Others	<u>1,743</u>	<u>820,040,820</u>	<u>93.52</u>	<u>4,575,372</u>	<u>11,952,265</u>	<u>30,593,383</u>	<u>47,121,020</u>	<u>17.40:1</u>	<u>2,302,542</u>	<u>89.36</u>
Total	1,760	\$876,834,948	100.00%	\$ 5,120,000	\$13,375,000	\$31,057,028	\$49,552,028	17.70:1	\$2,576,625	100.00%

⁽¹⁾ Reflects the number of parcels of Developed Property projected to be levied for Fiscal Year 2024-25. Approved and Undeveloped Property are not included as these parcels are not projected to be levied for Fiscal Year 2024-25.

⁽²⁾ Fiscal Year 2023-24 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

⁽³⁾ Includes Perris Union HS CFD 92-1, Menifee USD CFD 2005-2, Menifee USD CFD 2006-2, Menifee USD CFD 2006-3, Menifee USD CFD 2006-4, Menifee USD CFD 2014-3, EMWD AD 20, EMWD CFD 2005-37, and EMWD CFD 2006-52 outstanding bonds.

⁽⁴⁾ Includes debt service for the 2018 Bonds and the 2024 Bonds and estimated administration in the amount of \$69,112. Developed Property is expected to be levied at the Assigned Special Tax rate until the final series of Additional Bonds is issued. Approved Property and Undeveloped Property are not projected to be taxed for Fiscal Year 2024-25; however, such property may be taxed in the future if necessary to satisfy the Special Tax Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds."

⁽⁵⁾ Includes one apartment complex parcel comprising 230 total residential units.

Source: Webb Municipal Finance, LLC.

Delinquency History

Table 8 below summarizes the Special Tax delinquencies for property within the boundaries of the District for Years 2019-20 through 2023-24. Currently, there are no foreclosure actions in process in the District.

TABLE 8
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
DELINQUENCY HISTORY
FISCAL YEARS 2019-20 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of April 10, 2024</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$1,692,634.02	1,163	10	\$ 8,485.36	0.50%	1	\$ 1,022.70	0.06%
2020-21	1,970,440.64	1,385	12	11,463.13	0.58	1	1,043.14	0.05
2021-22	2,347,855.46	1,691	11	11,207.73	0.48	1	1,064.00	0.05
2022-23	2,475,351.56	1,759	16	16,510.56	0.67	0	0.00	0.00
2023-24	2,526,091.14	1,760	N/A	N/A	N/A	19	13,992.00	0.55

Source: Riverside County Tax Collector.

SPECIAL RISK FACTORS

In addition to the other information contained in this Official Statement, the following risk factors should be carefully considered in evaluating the investment quality of the 2024 Bonds. The District cautions prospective investors that 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 2024 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Any such failure to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the 2024 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District.

Risks of Real Estate Secured Investments Generally

The 2024 Bondowners 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 District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure, (ii) changes in real estate tax rates 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, fires, floods and landslides), which may result in uninsured losses.

No assurance can be given that the individual property owners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “— Bankruptcy and Foreclosure Delay” below, for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Concentration of Ownership

Assuming the development status as of January 1, 2024, the ownership status as of January 1, 2024 and no issuance of Additional Bonds, Cantabria Development will be responsible for approximately 9.77% of the Fiscal Year 2024-25 Special Taxes, approximately 90.05% of the Fiscal Year 2024-25 Special Tax levy will be paid by individual homeowners and the remaining approximately 0.18% of the Fiscal Year 2024-25 Special Tax levy will be paid by B&D Consolidation. See Table 7 herein. Special Taxes were levied solely on Developed Property in Fiscal Year 2024-25 and the District expects to continue to levy Special Taxes solely on Developed Property until further development within the District occurs and Additional Bonds are issued. Cantabria Development is the owner of a 230 unit multi-family apartment complex within the District. See “THE COMMUNITY FACILITIES DISTRICT — Largest Taxpayers.” Until further development within the District occurs, if Cantabria Development is unwilling or unable to pay the Special Tax when due, a potential shortfall in the Special Tax Fund could occur, which would result in the depletion of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Taxes and, consequently, a delay or failure in payments of the principal of or interest on the 2024 Bonds.

No property owner is obligated in any manner to continue to own or develop any of the land it presently owns within the District. The Special Taxes are not a personal obligation of any owner, developer or merchant builder of the parcels, and the District can offer no assurance that any current owner or any future owner will be financially able to pay such installments or that it will choose to pay even if financially able to do so.

Special Taxes Are Not Personal Obligations

The current and future owners of land within the District are not personally liable for the payment of the Special Taxes. Rather, the Special Tax is an obligation only of the land within the District. In the event of

foreclosure following delinquency, if the value of the development parcel within the District is not sufficient to fully secure the Special Tax, then the District has no recourse against the landowner under the laws by which the Special Tax has been levied and the 2024 Bonds have been issued.

The Bonds Are Limited Obligations of the District

The Bonds are not general obligations of the County or the District, but are special obligations of the District payable solely from the Net Special Tax Revenues and amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund under the Indenture.

The District has no obligation to pay principal of and interest on the Bonds in the event Special Tax collections are delinquent, 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 on which levies of the Special Tax are delinquent. Neither the County nor the District is obligated to advance funds from any source other than amounts pledged under the Indenture to pay such debt service on the Bonds.

Property Values; Value-to-Lien Ratios

The value of the property within the District is a critical factor in determining the investment quality of the 2024 Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events may adversely impact the security underlying the Special Taxes. There is no assurance that assessed values will not decline in the future. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" herein.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the Riverside County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that the estimated value-to-lien ratios as set forth in Table 3 and Tables 5 through 8 will be maintained over time. As discussed herein, many factors which are beyond the control of the District could adversely affect the property values within the District. The District does not have any control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which through the levy of a tax or an assessment is on a parity with the Special Taxes. A decrease in the assessed values in the District or an increase in the indebtedness secured by taxes and amounts with parity liens on property in the District, or both, could result in a lowering of the value-to-lien ratio of the property in the District. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" and "SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property."

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales."

Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property

While the Special Taxes are secured by the Taxable Property, the Taxable Property is subject to parity tax liens and assessments. Table 2 in the section entitled "THE COMMUNITY FACILITIES DISTRICT —

Estimated Direct and Overlapping Indebtedness” states the outstanding amount of governmental obligations (with stated exclusions) as of January 1, 2024, the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property and furthermore 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.

Various community facilities districts and assessment districts have been formed that overlap portions of the District. See Table 2 herein. One or more improvement districts or community facilities districts may be formed to finance costs relating to certain public facilities and 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 2024 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 2024 Bonds, the Special Tax may be subordinate only to certain governmental liens. 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.

While governmental taxes, assessments and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Tax is a claim with regard to a hazardous substance. See “— Hazardous Substances” below.

The property owners within the District may have formed or are in the process of forming or plan to form additional community facilities districts with other public agencies for issuing bonds. The special tax liens securing these other bonds will be on a parity with the Special Tax liens securing the 2024 Bonds in the event of foreclosure. In such an event, the land in the District will have additional debt levied on it and such an event may decrease the likelihood of the ability or willingness of the landowners in the District to pay the Special Taxes.

Effect of Additional Bonds on Credit Quality

The District may at any time after the issuance and delivery of the 2024 Bonds issue Additional Bonds in an aggregate amount not to exceed \$77,275,000 payable from the Net Special Tax Revenues and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding 2018 Bonds, 2024 Bonds and any other Additional Bonds theretofore issued under the Indenture or under any Supplemental Indenture for the purpose of funding additional Facilities costs or for the purpose of refunding all or a portion of the 2018 Bonds, the 2024 Bonds or any Additional Bonds then Outstanding. Additional Bonds may only be issued subject to specific conditions, which are set forth in the Indenture and with which the District must be in compliance. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds.”

The Indenture permits the issuance of Additional Bonds. It is likely that, if Additional Bonds are issued, the value-to-lien ratio for certain parcels subject to the Special Tax will be lower than the ratios in Table 3 and Tables 5 through 7. If Additional Bonds are issued, the owners of the 2024 Bonds will not have any prior claim on the Special Taxes levied on the property within the District, but will have an equal claim with the owners of the 2018 Bonds and the Additional Bonds on the Net Special Tax Revenues collected within the District. Additional Bonds could also be issued at a time where certain of the property upon which

Special Taxes will be levied is undeveloped. This could result in Owners of the 2024 Bonds having to rely upon the payment of Special Taxes from Undeveloped Property.

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within the 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 Indenture 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. See “THE 2024 BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments.*”

Disclosure to Future Purchasers

The District has recorded a Notice of Special Tax Lien, in the Office of the Riverside County Recorder on May 4, 2006 as Document No. 2006-0323346. 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 District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision 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 the above 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 or ability of the purchaser or lessor to pay the Special Tax when due.

Local, State and Federal Land Use Regulations

There can be no assurance that land development operations within the District will not be adversely affected by future government policies, including, but not limited to, governmental policies which directly or indirectly restrict or control development. During the past several years, citizens of a number of local communities in California have placed measures on the ballot designed to control the rate of future development. During the past several years, state and federal regulatory agencies have significantly expanded their involvement in local land use matters through increased regulatory enforcement of various environmental laws, including the Endangered Species Act, the Clean Water Act and the Clear Air Act, among others. Such regulations can substantially impair the rate and amount of development without requiring just compensation unless the effect of the regulation is to deny all economic use of the affected property. 2024 Bondowners should assume that any event that significantly impacts the ability to construct homes on land in the District could cause the land values within the District to decrease substantially and could affect the willingness and ability of the owners of land to pay the Special Taxes when due or to proceed with development of land in the District. See “— Failure to Develop Properties” above.

Endangered and Threatened Species

It is illegal to harm or disturb species that have been listed as threatened or endangered by the U.S. Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Thus, the presence of an endangered plant or animal could delay development of or reduce the value of undeveloped property in the District. Failure to develop the undeveloped property in the District or substantial delays in the completion of the development of the property may increase the amount of Special Taxes to be paid by the owners of undeveloped property and affect the willingness and ability of the owners of property within the District to pay

the Special Taxes when due. However, the District has no current plans to levy Special Taxes on Undeveloped Property.

Certain species covered by the County's MSHCP are present within the undeveloped property within the District. Development will proceed subject to compliance with the MSHCP and all other applicable federal and state requirements. See "THE COMMUNITY FACILITIES DISTRICT — Environmental Approvals and Permits."

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of Taxable Property, other less common claims may occur. One of the most serious in terms of the potential reduction in the value of the parcels within the District is a claim with regard to hazardous substances. In general, the owners and operators of parcels within the District may be required by law to remedy conditions of the parcels related to the 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 substances condition of a property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any parcel within the District be affected by a hazardous substance, would be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner (or operator) is obligated to remedy the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the financial and legal ability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The assessed values of the property within the District do not take into account the possible reduction in marketability and value of any of the parcels of Taxable Property by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The District has not independently verified and is not aware that any of the owners (or operators) of property within the District have such a current liability with respect to any of the parcels of Taxable Property, except as expressly noted. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

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

Insufficiency of the Special Tax

The principal source of payment of principal of and interest on the 2018 Bonds and the 2024 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District. The annual levy of the Special Tax is subject to the maximum tax rates authorized. 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 2018 Bonds and the 2024 Bonds. Other funds which might be available include funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular Taxable Property and the amount of the levy of the Special Tax against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the 2018 Bonds and the 2024 Bonds, and certainly not a direct relationship.

The Special Tax levied in any particular tax year on a Taxable Property is based upon the revenue needs of the District and application of the Rate and Method. Application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each Taxable Property by comparison with similar development factors with respect to the other Taxable Property within the District. Thus, in addition to annual variations of the revenue needs from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular Taxable Property to vary from the Special Tax that might otherwise be expected:

(1) Failure of the owners of Taxable Property to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

(2) Reduction in the amount of Taxable Property, for such reasons as acquisition of Taxable Property by a government agency and failure of the government agency 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 parcels of Taxable Property.

Except as set forth above under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein, the Indenture 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 AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales” 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 *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Beneficial Owners of 2024 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the Reserve Account is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.”

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2024 Bonds are derived, are customarily billed to the properties within the District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure Delay” below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessments and limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rate and Method” herein. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. In the event that additional property is dedicated to the County or other public entities, this additional property might become exempt from the Special Tax.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Depletion of Reserve Fund

The Reserve Fund is maintained in an amount equal to the Reserve Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.” Funds in the Reserve Fund may be used to pay principal of and interest on the 2018 Bonds and the 2024 Bonds and any Additional Bonds issued in the future in the event the proceeds of the levy and the collection of the Special Taxes against the property in the District is not sufficient. If the Reserve Fund is depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay Administrative Expenses and principal and interest on the 2018 Bonds and the 2024 Bonds and any Additional Bonds issued in the future. However, no replenishment of the Reserve Fund from the proceeds of the Special Taxes can occur as long as the proceeds that are collected from the levy of the Special Taxes at the maximum tax rates, together with available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not replenished by the levy of the Special Taxes.

Potential Delay and Limitations in Foreclosure Proceedings

The payment of property owners’ taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales” and “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure Delay” herein. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The ability of the 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 Federal Deposit Insurance Corporation (the “FDIC”) has or obtains an interest. 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 District. See “SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties.”

In addition, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and

other factors beyond control of the District or the County. Potential investors should assume that, under current conditions, it is estimated that a judicial foreclosure of the lien of Special Taxes will take up to two or three years from initiation to the lien foreclosure sale. At a Special Tax lien foreclosure sale, each parcel will be sold for not less than the “minimum bid amount” which is equal to the sum of all delinquent Special Tax installments, penalties and interest thereon, costs of collection (including reasonable attorneys’ fees), post-judgment interest and costs of sale. Each parcel is sold at foreclosure for the amounts secured by the Special Tax lien on such parcel and multiple parcels may not be aggregated in a single “bulk” foreclosure sale. If any parcel fails to obtain a “minimum bid,” the District may, but is not obligated to, seek superior court approval to sell such parcel at an amount less than the minimum bid. Such superior court approval requires the consent of a majority of the aggregate principal amount of the outstanding 2024 Bonds.

Delays and uncertainties in the Special Tax lien foreclosure process create significant risks for Beneficial Owners of the 2024 Bonds. High rates of special tax payment delinquencies which continue during the pendency of protracted Special Tax lien foreclosure proceedings, could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon foreclosure. In that event, there could be a default in payment of the principal of, and interest on, the 2024 Bonds. See “— Concentration of Ownership” above.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the District, such funds may be invested in the name of the District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Beneficial Owners of the 2024 Bonds do not have a valid and/or prior lien on the Special Taxes or debt service payments where such amounts are deposited in the County investment pool and may not provide the Beneficial Owners of the 2024 Bonds with a priority interest in such amounts. In that circumstance, unless the Beneficial Owners of the 2024 Bonds could “trace” the funds that have been deposited in the County investment pool, the Beneficial Owners of the 2024 Bonds would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Beneficial Owners of the 2024 Bonds could successfully so trace the Special Taxes or debt service payments.

No Acceleration Provision

The 2024 Bonds do not contain a provision allowing for the acceleration of the 2024 Bonds in the event of a payment default or other default under the terms of the 2024 Bonds or the Indenture or in the event interest on the 2024 Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture and further subject to the prior lien of owners of 2024 Bonds, an owner is given the right for the equal benefit and protection of all owners of a series similarly situated to pursue certain remedies described in Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Bankruptcy and Foreclosure Delay

Bankruptcy, insolvency and other laws generally affecting creditors rights could adversely impact the interests of Beneficial Owners of the 2024 Bonds. The payment of property owners’ taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.” In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

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

The Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) included a provision which excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court].” This amendment effectively makes the Glasply holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the Glasply ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

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

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

The various legal opinions to be delivered concurrently with the delivery of the 2024 Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Moreover, the ability of the District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940) and by the laws of the State relating to judicial foreclosure.

FDIC/Federal Government Interests in Properties

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the FDIC, or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service or other federal agency, has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of Taxable Property in the District 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 in the District 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. Federal courts have held that, based on the supremacy clause of the United States Constitution "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, anything in the Constitution or Laws of any State to the contrary notwithstanding." 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. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property 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 the 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. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see "— Insufficiency of the Special Tax."

The District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Factors Affecting Parcel Values and Aggregate Value

Geologic, Topographic and Climatic Conditions; Natural Disasters. The value of the Taxable Property in the District in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the parcels of Taxable Property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements, landslides, liquefaction, floods or fires, and climatic conditions such as tornadoes, droughts, and the possible reduction in water allocation or availability. If one or more of such conditions occur and results in damage to improvements of varying seriousness, such damage may entail significant repair or replacement costs and 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, the value of the Taxable Property may well depreciate or disappear. As required by the County General Plan and applicable Specific Plans, in certain cases, commercial uses and future homeowner's associations are required to prepare disaster preparedness plans that include evacuation procedures in the event of a disaster.

The California Department of Forestry and Fire Protection ("CALFIRE") has designated and adopted Fire Hazard Severity Zones in State Responsibility Areas. In addition, the County has adopted CALFIRE recommendations for Very High Fire Hazard Severity Zones in Local Responsibility Areas within the District. Portions of the District are located within State Responsibility Areas and Local Responsibility Areas and include a mixture of Very High Fire Hazard Severity Zone Areas, High Fire Hazard Severity Zone areas, Moderate Fire Hazard Severity Zone areas and areas that are not designated as Fire Hazard Severity Zones. The local hazard mitigation plan ("LHMP") indicates that climate change and drought conditions are likely to become more frequent and persistent, contributing to increasing wildfire risk.

Seismic Conditions. The District, like all California communities, may be subject to unpredictable seismic activity. The occurrence of seismic activity in the District could result in substantial damage to properties in the District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of seismic activity could result in greater reliance on undeveloped property in the payment of Special Taxes.

No assurance can be given regarding the extent to which any future natural disasters may impact property in the District.

Legal Requirements. Other events which may affect the value of a parcel of Taxable Property in the District 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.

District Formation

California voters, on June 6, 1978, approved an amendment ("Article XIII A") to the California Constitution. Section 4 of Article XIII A, requires a vote of two-thirds of the qualified electorate to impose "special taxes," or any additional *ad valorem*, sales or transaction taxes on real property. At an election held in the District pursuant to the Act, more than two-thirds of the qualified electors within the District, authorized the District to incur bonded indebtedness to finance the Facilities and approved the Rate and Method. The Supreme Court of the State of California has not yet decided whether landowner elections (as opposed to resident elections) satisfy requirements of Section 4 of Article XIII A, nor has the Supreme Court decided whether the special taxes of a District constitute a "special tax" for purposes of Article XIII A.

Section 53359 of the Act requires that any action or proceeding to attack, review, set aside, void or annul the levy of a special tax or an increase in a special tax pursuant to the Act shall be commenced within 30 days after the special tax is approved by the qualified electors. No such action has been filed with respect to the Special Tax.

Billing of Special Taxes

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

Under provisions of the Act, the Special Taxes are billed to the properties within the District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales” for a discussion of the provisions which apply and procedures which the District is obligated to follow in the event of delinquency in the payment of installments of Special Taxes.

Inability to Collect Special Taxes

In order to pay debt service on the 2024 Bonds, it is necessary that the Special Tax levied against land within the District be paid in a timely manner. The District has covenanted in the Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Tax in order to obtain funds to pay debt service on the 2024 Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the 2024 Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not obligate the District to purchase or otherwise acquire any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.”

Proposition 218

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative have not yet been interpreted by the courts, although several lawsuits have been filed requesting the courts to interpret various aspects of the Initiative. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the 2024 Bonds as described below.

Among other things, Section 3 of Article XIII 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 provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, 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 such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2024 Bonds.

It may be possible, however, for voters or the Board of Supervisors of the County acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the 2024 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2024 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant in the Indenture that it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the 2024 Bonds. The District also will covenant in the Indenture that, if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the 2024 Bonds, the District will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the 2024 Bonds. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “SPECIAL RISK FACTORS — Limitations on Remedies.”

Ballot Initiatives

Articles XIIC and XIID were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the County, or local districts to increase revenues or to increase appropriations or on the ability of the landowners within the District to complete the remaining proposed development.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the 2024 Bonds or, if a secondary market exists, that the 2024 Bonds can be sold at all or for any particular price. Although the District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Beneficial Owners of the 2024 Bonds on a timely basis. See “CONTINUING DISCLOSURE.” The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bond Insurance

In the event of default of the payment of the scheduled principal of or interest on the Insured Bonds when all or some becomes due, the Trustee on behalf of any owner of the Insured Bonds shall have a claim under the Insurance Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the Insured Bonds and the Insurer’s consent may be required in connection with amendments to any applicable documents relating to the Insured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See “MISCELLANEOUS — Ratings” herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the County, the District or the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to make the payments on the Insured Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information regarding the Insurer and the Insurance Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Cybersecurity

The County and the District, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. As a recipient and provider of personal, private or other sensitive electronic information, the County and the District are potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the County and the District 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 County or the District, or the administration of the Bonds. The District is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes and the Trustee. No assurance can be given that the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Loss of Tax Exemption; Tax Treatment of the 2024 Bonds

As discussed under the caption “LEGAL MATTERS — Tax Matters,” the interest on the 2024 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2024 Bonds as a result of an act or omission of the District in violation of certain provisions of the Code and the covenants of the Indenture. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2024 Bonds, the District has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2024 Bonds under Section 103 of the Internal Revenue Code of 1986. Should such an event of taxability occur, the 2024 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture. See “THE 2024 BONDS — Redemption.”

Future legislation, if enacted into law, or clarification of the Code may cause interest on the 2024 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the 2024 Bonds. Prospective purchasers of the 2024 Bonds should consult their own tax advisors regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the 2024 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the 2024 Bonds or the market value of the 2024 Bonds. No assurance can be given that subsequent to the issuance of the 2024 Bonds such changes or interpretations will not occur.

Limitations on Remedies

Remedies available to the Beneficial Owners of the 2024 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2024 Bonds or to preserve the tax-exempt status of the 2024 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2024 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors’ rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Beneficial Owners of the 2024 Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), by and between the District and the Trustee, the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, certain annual financial information and operating data concerning the District. The Annual Report to be filed by the District is the date in each year that is the first day of the month following the ninth month after the end of the District’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1, beginning with the Annual Report for Fiscal Year 2024-25, and is to include audited financial statements of the District, if any. The full text of the Continuing Disclosure Agreement is set forth in Appendix D — “FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE COMMUNITY FACILITIES DISTRICT.”

Notwithstanding any provision of the Indenture, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an event of default under the Indenture. However, any holder of

the 2024 Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the Continuing Disclosure Agreement.

During the last five calendar years the District has not failed to comply with its previous undertakings with regard to Rule 15c2-12 in any material respects. However, within the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into three general categories: (i) for Fiscal Year 2018-19 and Fiscal Year 2019-20, failure to provide timely significant event notices, most often with respect to changes in the ratings of outstanding indebtedness, and primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; (ii) for Fiscal Year 2018-19 through Fiscal Year 2022-23, missing, incomplete or late filing of annual or quarterly reports, budgets or operating information with respect to a number of the bond issues; and (iii) for Fiscal Years 2018-19 through 2021-22, failure to file notice of incurrence of financial obligations. In almost every case with respect to obligations related to the County's General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County, though not directly incorporated by reference across all prior issues filed with the Municipal Securities Rulemaking Board; and in all of the cases where a notice of failure to file was required to be filed, the County has filed such notices. The County and its related entities have reviewed their previous filings and have made corrective filings where material, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County's General Fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has recently performed an evaluation of its policy and operating procedures to strengthen and ensure future compliance and coordination between the County and its related entities which include higher frequency of review as well as enhanced delineation of staff duties; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County will continue its review of its procedures to ensure continued compliance with the Rule.

LEGAL MATTERS

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2024 Bonds is exempt from State of California personal income tax.

The difference between the issue price of a 2024 Bond (the first price at which a substantial amount of the 2024 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the 2024 Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable 2024 Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the 2024 Bond is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the 2024 Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2024 Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2024 Bonds to assure that interest (and original issue discount) on the 2024 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2024 Bonds. The District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable 2024 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable 2024 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a 2024 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2024 Bond to the Beneficial Owner. Purchasers of the 2024 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2024 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any 2024 Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the 2024 Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the 2024 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2024 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2024 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2024 Bonds.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2024 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2024 Bonds might be affected as a result of such an audit of the 2024 Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2024 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2024 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2024 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2024 BONDS OR THE MARKET VALUE OF THE 2024 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2024 BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS,

SUCH AS THE 2024 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2024 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE 2024 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2024 BONDS.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

Litigation

No litigation is pending or threatened concerning the validity of the 2024 Bonds, the use of Special Taxes to repay the 2024 Bonds, the powers or authority of the District with respect to the 2024 Bonds, or seeking to restrain or enjoin development of the land within the District and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the 2024 Bonds.

Legal Opinion

The validity of the 2024 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel and Disclosure Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County and the District by the County Counsel.

MISCELLANEOUS

Ratings

S&P Global Ratings (“S&P”) is expected to assign the rating of “AA (Stable)” to the Insured Bonds based upon the delivery of the Insurance Policy by the Insurer at the time of issuance of the 2024 Bonds. See “BOND INSURANCE” herein.

In addition, S&P is expected to assign its underlying rating of “A” to the 2024 Bonds, independent of the delivery of the Insurance Policy. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by such organization, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2024 Bonds.

The District will covenant in its Continuing Disclosure Agreement for the 2024 Bonds to file on EMMA, notices of any ratings changes on the 2024 Bonds. See the caption “CONTINUING DISCLOSURE” and Appendix D. Notwithstanding such covenant, information relating to ratings changes on the 2024 Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the 2024 Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2024 Bonds after the initial issuance of the 2024 Bonds.

Verification of Mathematical Accuracy

Robert Thomas CPA, LLC, the Verification Agent, upon delivery of the 2024 Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Underwriter, relating to the sufficiency of moneys and securities deposited into the

Escrow Fund to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the 2013 Bonds.

The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

Underwriting

The 2024 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the 2024 Bonds at a price of \$14,856,908.95, being \$13,375,000 aggregate principal amount thereof, less Underwriter’s discount of \$143,591.25 plus net original issue premium of \$1,625,500.20). The purchase agreement relating to the 2024 Bonds provides that the Underwriter will purchase all of the 2024 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the 2024 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.

Municipal Advisor

Fieldman, Rolapp & Associates, Inc. has acted as municipal advisor (the “Municipal Advisor”) to the District in conjunction with the issuance of the 2024 Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the 2024 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2024 Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

Financial Interests

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, the Special Tax Consultant and Municipal Advisor are contingent upon the issuance and delivery of the 2024 Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the 2024 Bonds.

Pending Legislation

The District is not aware of any significant pending legislation which would have material adverse consequences on the 2024 Bonds or the ability of the District to pay the principal of and interest on the 2024 Bonds when due.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the 2024 Bonds. Quotations and summaries and explanations of the 2024 Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

The execution and delivery of this Official Statement by an authorized representative of the District has been duly authorized by the Board of Supervisors of the County acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD) OF THE COUNTY OF RIVERSIDE

By: /s/ Jeffrey A. Van Wagenen Jr.
County Executive Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE

A Special Tax (all capitalized terms are defined in Section A. Definitions below), shall be levied on each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 05-8 (Scott Road) of the County. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2006-2007, on a Parcel of Taxable Property shall be determined by the Legislative Body, by applying the appropriate Special Tax for each category of Taxable Property as calculated consistent with Sections B., C., and D. All of the real property within the CFD, unless exempted by law, Section E. or non-taxable pursuant to Section H.1. or H.2. shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre or Acreage” means the acreage of a Parcel as stated on the most recent Assessor’s Parcel Map, or if the acreage is not shown on such Assessor’s Parcel Map, the acreage as defined from the applicable Final Map, or similar instrument.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means all actual or reasonably estimated costs and expenses of the CFD as determined by the Administrator to be chargeable or allocable to the CFD and as are allowed by the Act and the Indenture, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, Special Tax appeals, initiating and prosecuting a foreclosure action on a Parcel; all trustee/fiscal agent expenses and fees; the cost of rebate compliance calculation, initiating or defending any litigation involving the CFD, continuing disclosure undertakings of the CFD and/or the County, all communications with bondholders, property owners, or other interested persons; and the costs of County staff, consultants, and legal counsel incurred on behalf of the CFD in performing such administrative responsibilities.

“Administrator” means the County Executive Officer of the County, or his or her designee.

“Annexed Property” means Taxable Property that has been annexed into the CFD by the Legislative Body upon determination by the Administrator that (i) the Assigned Special Tax from the Parcel(s) is necessary to provide financing of the full Cost of the Facilities, and (ii) the Parcel(s) are within the area designated as potential Annexed Property as shown on Exhibit B.

“Approved Property” means, for each Fiscal Year, for which a Special Tax is being levied, all Parcels of Taxable Property not classified as Taxable Non-Residential Property, Taxable Property Owners’ Association Property and Taxable Public Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding said Fiscal Year, and (ii) that have not been issued a Building Permit prior to the April 1st preceding said Fiscal Year. Any Final Map recorded prior to July 1st of 2006 shall be treated for the purposes of setting the Assigned Special Tax for such Approved Property as if it were subject to the TUMF in effect as of July 1st of 2006.

“Assessor’s Parcel Map” means, for each Fiscal Year, the official map(s) of the Assessor of the County designating each Parcel by an Assessor’s parcel number.

“Assigned Special Tax” means the Special Tax determined in accordance with Section C., below.

“Backup Special Tax” means the Special Tax determined in Sections C.2.b. and C.3.b., below.

“Bonds” means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes.

“Building Permit” means a building permit issued for new construction of any Single Family Residential Unit or Multifamily Residential Unit. For purposes of this definition, Building Permit refers to a permit allowing for construction of a production unit as opposed to a building permit issued in conjunction with a grading permit allowing for the construction of model units.

“CFD” means Community Facilities District No. 05-8 (Scott Road) of the County established pursuant to the Act.

“CFD Boundary Map” means the map recorded at CFD formation and annexation maps reflecting Annexed Property, Exhibit A.

“Cost of the Facilities” means the calculation of the cost of the Facilities to be constructed including financing costs, e.g. capitalized interest, funding a reserve fund, cost of issuance and underwriter’s discount, as determined by the Administrator.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year after formation of the CFD for which the Special Tax is being levied, each Parcel of Taxable Property not classified as Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential Property: (i) that is included in a Final Map that was recorded prior to January 1st preceding said Fiscal Year, and (ii) a Building Permit has been issued for a Single Family Residential Unit or a Multifamily Residential Unit on such Parcel prior to April 1st preceding said Fiscal Year. Parcels upon which a model unit has been constructed will be treated as Developed Property when any other Parcel within said Final Map is issued a Building Permit.

“Exempt Property” means, for each Fiscal Year, any Parcel which is exempt from Special Taxes pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Existing Single Family Residential Unit” means any constructed Single Family Residential Unit that is located on a Parcel (i) at the time the CFD is established or (ii) at the time a Parcel is annexed into the CFD.

“Facilities” means, the improvements, within the boundaries of Exhibit B, whose construction or acquisition is identified in the TUMF Program, including but not limited to: (i) the widening of Scott Road to four lanes between Antelope Road and Briggs Road including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (iii) the full width improvement to Scott Road from Antelope Road to State Route 79 including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development bringing into conformance said facility with the TUMF Program, as amended from time to time.

“Final Map” means a recorded final map, parcel map, or lot line adjustment, by which a subdivision of property has been made pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or a recorded condominium plan approved pursuant to California Civil Code Section 1352 that creates Parcels for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 of any calendar year and ending on June 30 of the following calendar year, commencing July 1, 2006.

“July 1st” means the effective date in July of any adjustment to TUMF made pursuant to the TUMF Ordinance; provided that if no adjustment takes effect by July 25, “July 1st” means the first Business Day of July.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

“Land Use Category” means any of the land use categories listed in Table 1, below.

“Legislative Body” means the Board of Supervisors of the County acting *ex officio* as the Legislative Body of the CFD.

“Maximum Special Tax” means, for each Fiscal Year, the maximum Special Tax, determined in accordance with Section C., which can be levied in such Fiscal Year on any Parcel.

“Multifamily Property” means, for each Fiscal Year, a Parcel designated to be developed with one or more Multifamily Residential Units as determined by the Administrator consistent with the TUMF Ordinance in effect on the date such determination is made; provided, however, that once a Parcel is categorized as Approved Property with a Land Use Category as Multifamily Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Multifamily Residential Unit.

“Multifamily Residential Unit” has the meaning set forth in the TUMF Ordinance; provided that once a Parcel of Multifamily Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

“Multiple Land Use Property” means, for each Fiscal Year, any Developed Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property uses and Residential Property uses).

“Non-Residential Floor Area” means, with regard to Multiple Land Use Property only, all of the square footage within the perimeter of all structures on a Parcel used for non-residential purposes, measured from outside wall to outside wall, exclusive of any overhangs, porches, patios, enclosed patios, car ports, walkways, garages or similar spaces attached to the building. The determination of the amount of Non-Residential Floor Area shall be made by the Administrator with reference to the building permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years. Non-Residential Floor Area is to be treated as Non-Residential Property.

“Non-Residential Property” means, for each Fiscal Year, all Parcels for which a building permit may be issued for any type of non-residential use, provided, however, that if zoning allows either residential construction or non-residential construction, such property shall be categorized as Residential Property until such time as a building permit for non-residential use has been issued.

“Outstanding Bonds” means all Bonds deemed to be outstanding under the Indenture.

“Parcel” means, for each Fiscal Year, each lot or parcel within the boundary of the CFD as shown on an Assessor’s Parcel Map to which a parcel number has been assigned.

“Property Owners’ Association Property” means, for each Fiscal Year, any Parcel which, as of the January 1 preceding said Fiscal Year, is owned by a property owners’ association, including any master or sub-association.

“Proportionately” means for: (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Approved Property, (iii) Undeveloped Property, that the ratio of the actual Special Tax levy per taxable Acre to the Assigned or Maximum Special Tax per taxable Acre is the same for all Parcels of Undeveloped Property, (iv) Taxable Non-Residential Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Non-Residential Property, (v) Taxable Property Owners’ Association Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Property Owners’ Association Property, and (vi) Taxable Public Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Public Property.

“Public Property” means, for each Fiscal Year, any Parcel within the boundary of the CFD which, as of the January 1 preceding said Fiscal Year, is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other public agency, provided, however, that any Parcel leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Residential Floor Area” means, with regard to Multiple Land Use Property only, all of the square footage within the perimeter of all structures on a Parcel used for residential purposes, measured from outside wall to outside wall, exclusive of any overhangs, porches, patios, enclosed patios, car ports, walkways, garages or similar spaces attached to the building. The determination of the amount of Residential Floor Area shall be made by the Administrator with reference to the building permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years. Residential Floor Area shall be treated as Residential Property.

“Residential Property” means, for each Fiscal Year, Developed Property and Approved Property for which a Building Permit for residential units may be issued, as determined by the Administrator.

“Single Family Property” means, for each Fiscal Year, a Parcel designated to be developed with one or more Single Family Residential Units as determined by the Administrator; provided, however, that once a Parcel is categorized as Approved Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Single Family Residential Unit.

“Single Family Residential Unit” has the meaning set forth in the TUMF Ordinance; provided that once a Parcel of Single Family Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

“Special Tax” means, (i) prior to the issuance of any Bonds, the special tax to be levied in any Fiscal Year on each Parcel of Developed Property to be applied towards the Cost of Facilities, and,

(ii) subsequent to the issuance of the first series of Bonds, the special tax to be levied in any Fiscal Year on each Parcel of Taxable Property to provide funding for the Special Tax Requirement.

“Special Tax Factor” means the factor stated in column (4) of Table 1 that is to be applied to establish the Assigned Special Tax for Single Family Property and Multifamily Property which is Developed Property or Approved Property.

“Special Tax Requirement” means, for each Fiscal Year, that amount required in each Fiscal Year to pay: (i) annual debt service on all Outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year; (v) for acquisition or construction of Facilities provided such amount does not cause an increase in the Special Tax levy on Approved Property, Undeveloped Property, Taxable Property Owners’ Association Property, Taxable Public Property or Taxable Non-Residential Property; and (vi) any amounts required to establish or replenish any reserve funds for the Bonds; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

“Taxable Non-Residential Property” means, for each Fiscal Year, any Parcel of Non-Residential Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Taxable Property” means, for each Fiscal Year, all Parcels in the CFD which are not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Taxable Property Owners’ Association Property” means, for each Fiscal Year, any Parcel of Property Owners’ Association Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“Taxable Public Property” means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

“TUMF” means the fee authorized pursuant to the TUMF Ordinance.

“TUMF Ordinance” means Ordinance 824.1 of the County of Riverside as amended from time to time.

“TUMF Percentage Change” means, the percentage increase in the respective TUMF applicable to a Single Family Residential Unit or a Multifamily Residential Unit, as of July 1st of the prior calendar year to July 1st of the current calendar year, beginning with the increase from the respective TUMF in effect as of July 1st of 2005 to the TUMF in effect as of July 1st of 2006.

“TUMF Program” means the Western Riverside County Transportation Uniform Mitigation Fee Program as established by the TUMF Ordinance.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property including residentially zoned property which has not become Approved Property or Developed Property, excluding Taxable Public Property, Taxable Property Owners’ Association Property and Taxable Non-Residential Property which has not become Approved Property or Developed Property and which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year in which the Special Tax is levied, each Parcel of Taxable Property shall be categorized as either Undeveloped Property, Approved Property, Developed Property, Taxable Public Property, Taxable Property Owners' Association Property or Taxable Non-Residential Property, and shall be subject to the levy of Special Tax in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C., and D., below. Approved Property and Developed Property shall further be classified as Single Family Property or Multifamily Property.

Any Existing Single Family Residential Unit shall be subject to the levy of the Special Tax as Undeveloped Property. Once a Final Map is recorded that includes the Parcel on which the Existing Single Family Residential Unit is constructed, then: (i) if said Final Map creates a Parcel for the Existing Single Family Residential Unit while such Existing Single Family Residential Unit remains on said Parcel, then said Parcel shall not be subject to the levy of the Special Tax, and the Taxable Property within the boundaries of said Final Map will be treated as Approved Property, or (ii) if said Final Map indicates that the Existing Single Family Residential Unit has been demolished and one or more Parcels have been created over the site on which the Existing Single Family Residential Unit stood, the resulting Parcel(s) and the Taxable Property within the boundaries of said Final Map are to be classified as Approved Property or Developed Property, as applicable.

When Parcels are annexed into the CFD, the Legislative Body shall adopt annexation maps to reflect the inclusion of the Annexed Property.

C. ASSIGNED AND MAXIMUM SPECIAL TAX RATES

1. Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property.

Maximum Special Tax

As of July 1st of 2005 the Maximum Special Tax for each Parcel of Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property is the amount per Acre stated in column (5) of Table 1 times the Acreage of the Parcel.

On July 1st of each Fiscal Year commencing July 1st of 2006, the Maximum Special Tax per Acre for Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property shall increase by the greater of 2.00% or the TUMF Percentage Change for a Single Family Residential Unit for the period beginning on July 1st of the prior calendar year to the next succeeding July 1st on which date the calculation is being made.

2. Approved Property

a. Assigned Special Tax

Upon determination that a Parcel of Taxable Property is Approved Property, (i) the Assigned Special Tax for each Parcel to be developed as Single Family Property, as shown on the Final Map, shall be the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the Special Tax Factor, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the

recordation date of the Final Map multiplied by the number of proposed dwelling units as shown on the Final Map or as determined by the Administrator, multiplied by the Special Tax Factor.

For any Parcel that becomes Approved Property prior to July 1st of 2006, the TUMF in effect on July 1st of 2006 for shall be applied.

On July 1st of each Fiscal Year commencing July 1st of 2007, the Assigned Special Tax for any Parcel of Approved Property that was classified as such in the prior Fiscal Year shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for said Parcel for the prior Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be the greater of: (i) the applicable Assigned Special Tax as determined by Section C.2.a. or (ii) the amount derived by application of the Backup Special Tax.

Backup Special Tax

Upon determination that a Parcel of Taxable Property is Approved Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be established as the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Approved Property. On July 1st of each Fiscal Year commencing July 1st of 2007, the Backup Special Tax for any Parcel of Approved Property that was classified as such in the prior Fiscal Year shall increase by an amount equal to 2.00% of the Backup Special Tax in effect the prior Fiscal Year.

Notwithstanding the foregoing, (i) if the number of Parcels of Single Family Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Single Family Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in such Final Map divided by the number of Parcels of Single Family Property within such area and (ii) if the number of Parcels of Multifamily Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Multifamily Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in the Final Map divided by the revised number of Parcels of Multifamily Property within such area.

3. Developed Property

a. Assigned Special Tax

Upon determination that any Parcel within a Final Map of Taxable Property is Developed Property, (i) the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Single Family Property, as shown on

the Final Map, shall be established as the greater of (a) product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Single Family Property within that Final Map multiplied by the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcels as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property, and (ii) the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Multifamily Property, as determined by the Administrator, shall be established as the greater (a) the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Multifamily Property within that Final Map multiplied by the number of dwelling units in the Building Permit for said Parcel, as determined by the Administrator, multiplied by the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcel as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property.

The Special Tax established for Developed Property within a Final Map shall be applied to an individual Parcel within said Final Map only after a Building Permit has been issued for such Parcel.

For any Parcel that becomes Developed Property prior to July 1st of 2006, the TUMF effective on July 1st of 2006 shall be applied.

On July 1st of each Fiscal Year commencing July 1st of 2007, after a Parcel is determined to be Developed Property, the Assigned Special Tax for a Parcel of Developed Property shall increase by an amount equal to 2.00% of the Assigned Special Tax as Developed Property in effect for such Parcel of Developed Property as of July 1st of the prior Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Single Family Property and Multifamily Property that is Developed Property shall be the greater of: (i) the applicable Assigned Special Tax as determined by Section 3.a. above, or (ii) the amount derived by application of the Backup Special Tax.

Backup Special Tax

Upon determination that any Parcel of Taxable Property within a Final Map is Developed Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property within such Final Map shall be established as the Assigned Special Tax for such Parcel at the time such Parcel's Developed Property Assigned Special Tax rate is established. On July 1st of each Fiscal Year commencing July 1st of 2007, the Developed Property Backup Special Tax for any Parcel within such Final Map shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for such Final Map the prior Fiscal Year.

Notwithstanding the foregoing, (i) if the number of Parcels of Single Family Property in a specific Final Map whose Assigned Special Tax as Developed Property has been established is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Single Family Property within such changed area shall equal the aggregate

Backup Special Tax within the changed area prior to the change or modification in such Final Map divided by the number of Parcels of Single Family Property within such area and (ii) if the number of Parcels of Multifamily Property in a specific Final Map whose Assigned Special Tax as Developed Property has been established is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Multifamily Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in the Final Map divided by the revised number of Parcels of Multifamily Property within such area.

4. Multiple Land Use Property

In some instances a Parcel of Developed Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on the Residential portion of such a Parcel shall be the sum of the Assigned Special Tax levies for Residential Land Use Category on that Parcel. The Maximum Special Tax levied on the Residential portion of a Parcel shall be the Maximum Special Tax levy that can be imposed on the Residential Land Use Category on that Parcel. The Taxable Non-Residential portion of such parcel shall be subject to the Special Tax in Accordance with the Fifth step of Section D, below.

For purposes of calculating the Backup Special Tax for the Residential Land Use Category of Developed Property under such circumstances, the Acreage assigned to the Residential Land Use Category shall be based on the proportion of Residential Floor Area or Non-Residential Floor Area that is built for each Land Use Category as compared with the Total Floor Area built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

TABLE 1
Special Taxes
For Fiscal Year 2005-2006

<i>(1)</i> <i>Land Use Category</i>	<i>(2)</i> <i>Taxable Parcel/Acre</i>	<i>(3)</i> <i>Current TUMF as of July 1st, 2005</i>	<i>(4)</i> <i>Special Tax Factor</i>	<i>(5)</i> <i>Assigned Special Tax Per Parcel/Unit/Acre</i>
1 – Developed Single Family Property	Parcel	\$7,248	11.3%	\$ 819.02
2 – Approved Single Family Property	Parcel	\$7,248	11.3%	\$ 819.02
3 – Developed Multifamily Property	Unit	\$5,021	11.3%	\$ 567.37
4 – Approved Multifamily Property	Unit	\$5,021	11.3%	\$ 567.37
5 – Undeveloped Property	Acre	N/A	N/A	\$ 2,018.94
6 – Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property	Acre	N/A	N/A	\$ 2,018.94

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-2007 and for each following Fiscal Year, the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps:

First: Prior to the issuance of any series of Bonds, the Special Tax shall be levied on each Parcel of Developed Property for which a Building Permit has been issued at 100% of the applicable Assigned

Special Tax to be applied to the Cost of the Facilities; subsequent to the issue of the first series of Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax levied on each Parcel of Approved Property and Developed Property shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Parcel as needed to satisfy the Special Tax Requirement;

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Non-Residential Property up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Property Owners' Association Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Seventh: If additional moneys are needed to satisfy the Special Tax Requirement after the first six steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Parcel within the CFD.

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of the CFD and not otherwise exempt pursuant to this Section E, shall be subject to the levy of Special Tax pursuant to Section 53317.3 or 53317.5 of the Act.

The Special Tax shall not be imposed upon any of the following:

The Legislative Body shall not levy Special Taxes on up to 569 Acres of Public Property, Property Owners' Association Property or Non-Residential Property within the CFD which include, but are not limited to, public streets, water and sewer facilities, flood control drainage channels, public schools or property dedicated and restricted for the use as open space, park, habitat reserve, golf course clubhouse or recreational facilities, non-residential development, or utility property utilized for the provision of services to the public or a property encumbered with public or utility easements making impractical its utilization for other than the purpose set forth in the easement.

After the limit of Acres above has been reached, the Administrator will review additional requests for Exempt Property to verify that Special Taxes that could be levied on Taxable Property in each Fiscal Year, assuming such exemption were approved and assuming the current status of development and the expected development plan for all Parcels within the CFD for which an approved tentative tract map has been issued, are at least 110% of the annual debt service requirements for each Fiscal Year through maturity of the Outstanding Bonds plus estimated annual Administrative Expenses, and if all Bonds of the CFD have not been issued, an amount that takes into account Bonds to be issued for the full Cost of the Facilities. If Special Taxes will not provide at least 110% of the debt service requirements through maturity of the Outstanding Bonds plus estimated annual Administrative Expenses, plus, if all Bonds of the CFD have not been issued, an amount such that taking into account Bonds to be issued for the full Cost of the Facilities, the Special Tax obligation for any additional Public Property and/or Property Owners' Association Property and/or Non-residential Property may prepay pursuant to the provision within Section H., below. Until the Special Tax obligation is prepaid as provided for in the preceding sentence, the parcel will be categorized as Taxable Non-Residential Property, Taxable Property Owners' Association Property and/or Taxable Public Property and will be subject to the levy of the Special Tax as provided for in the Fifth step, the Sixth step and the Seventh step of Section D. above.

For Annexed Property, increases to the stated amount of Exempt Property Acres as stated in the third paragraph of this Section E. will be increased as determined appropriate by the Administrator.

F. MANNER OF COLLECTION, PENALTIES, PROCEDURE AND LIEN PRIORITY

The 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 CFD may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of 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 1st after the delinquency date and the first of each month thereafter until redeemed.

G. APPEALS

Any owner of a Parcel claiming that the amount of the Special Tax levied on such Parcel is not correct and/or requesting a refund may file a written notice of appeal with the Administrator once the Special Tax in dispute has been paid but, not later than 12 months after the mailing of the property tax bill on which the Special Tax appears. 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, convene the CFD Special Tax Review Board and decide the appeal. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

H. PREPAYMENT OF SPECIAL TAX

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property or Public Property, Property Owners' Association Property and/or Non-residential Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment.

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification hereunder of all Parcels on the

date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year (assuming a full year's debt service); plus (b) the Administrative Expenses for such Fiscal Year.

An owner of a Parcel intending to prepay the Maximum Special Tax obligation for the Parcel shall provide the Administrator with written notice of intent to prepay, and within 15 business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Parcel. Within 15 business days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for the Parcel. Prepayment must be made not less than 60 business days prior to any redemption date, unless authorized by the Administrator, for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

1. Prepayment in Full – Before the Administrator has determined that the full Cost of the Facilities has been provided for

The prepayment before the Full Cost of the Facilities has been provided for shall equal the present value of the remaining payments of the Special Tax (computed assuming that the Maximum Special Tax will be paid through Fiscal Year 2049-2050, starting from December 10th of the Fiscal Year of the prepayment and annually on such date thereafter and using a discount rate equal to 7.00% per year), and provided that the foregoing Prepayment Amount shall be increased if the Administrator determines that such increase is necessary so that the total Prepayment amount will be at least equal to the Parcel's TUMF obligation and estimated Administrative Expenses. The CFD shall not be obligated to redeem Bonds, but may apply the Prepayment Amount and Bond Redemption Amount towards the Costs of the Facilities.

With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

2. Prepayment in Full – After the Administrator has determined that the full Cost of the Facilities has been provided for

The Prepayment Amount (defined below) after the Full Cost of the Facilities has been provided for shall equal the sum of the amount as identified below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Total:	equals Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Parcels of Developed Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel. For Parcels of Public Property, Property

Owners' Association Property and/or Non-residential Property to be prepaid, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel.

3. Divide the Maximum Special Tax obligation derived pursuant to paragraph 2 by the total calculated Maximum Special Taxes for the current Fiscal Year for the entire CFD.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
7. Determine the Special Taxes levied on the Parcel in the current Fiscal Year which have not yet been paid.
8. Compute the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
9. Add the amounts derived pursuant to paragraphs 6 and 7 and subtract the amount derived pursuant to paragraph 8 (the "*Defeasance Amount*").
10. Verify the administrative fees and expenses, including the costs of computation of the Prepayment Amount, the costs to invest the Prepayment Amount, the costs of redeeming the Outstanding Bonds, and the costs of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Parcel and the redemption of Outstanding Bonds (the "*Administrative Fees and Expenses*").
11. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit (the "*Prepayment Amount*").
13. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and the Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds, make

debt service payments, or be applied towards the Costs of the Facilities. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Maximum Special Tax obligation prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 7 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

3. Prepayment in Part – After the Administrator has determined that the full Cost of the Facilities has been provided for

The Maximum Special Tax on a Parcel of Developed Property may be partially prepaid in increments of \$5,000, only after the Administrator has determined that the full Cost of the Facilities has been provided for. For purposes of determining the partial prepayment amount, the provision of Section H.2 shall be modified as provided by the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section H.2

F = the percent by which the owner of the Parcel(s) is partially prepaying the Maximum Special Tax obligation.

A = the Administrative Fees and Expenses determined pursuant to Section H.2

With respect to any Parcel for which the Maximum Special Tax obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 13 of Section H.2, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Parcel and that a portion of the Maximum Special Tax obligation equal to the remaining percentage $(1.00 - F)$ of the Maximum Special Tax obligation will, and the Special Tax shall continue on the Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

Special Taxes shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall Special Taxes be levied after Fiscal Year 2049-2050 or the latest scheduled maturity of the final series of Bonds, whichever is sooner.

EXHIBIT A

BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 1 OF 11 SHEETS

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE RIVERSIDE COUNTY BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF, HELD ON THE 23RD DAY OF February, 2006, BY ITS RESOLUTION NO. 2006-072

CLERK OF THE BOARD OF SUPERVISORS

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THIS 23RD DAY OF February, 2006

CLERK OF THE BOARD OF SUPERVISORS

RECORDED THIS 27TH DAY OF MARCH, 2006 AT THE HOUR OF 10:01 O'CLOCK A.M. IN BOOK 65 PAGES 79-10 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: 27.00 NO: 2006-067553
 LARRY K. WARD, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

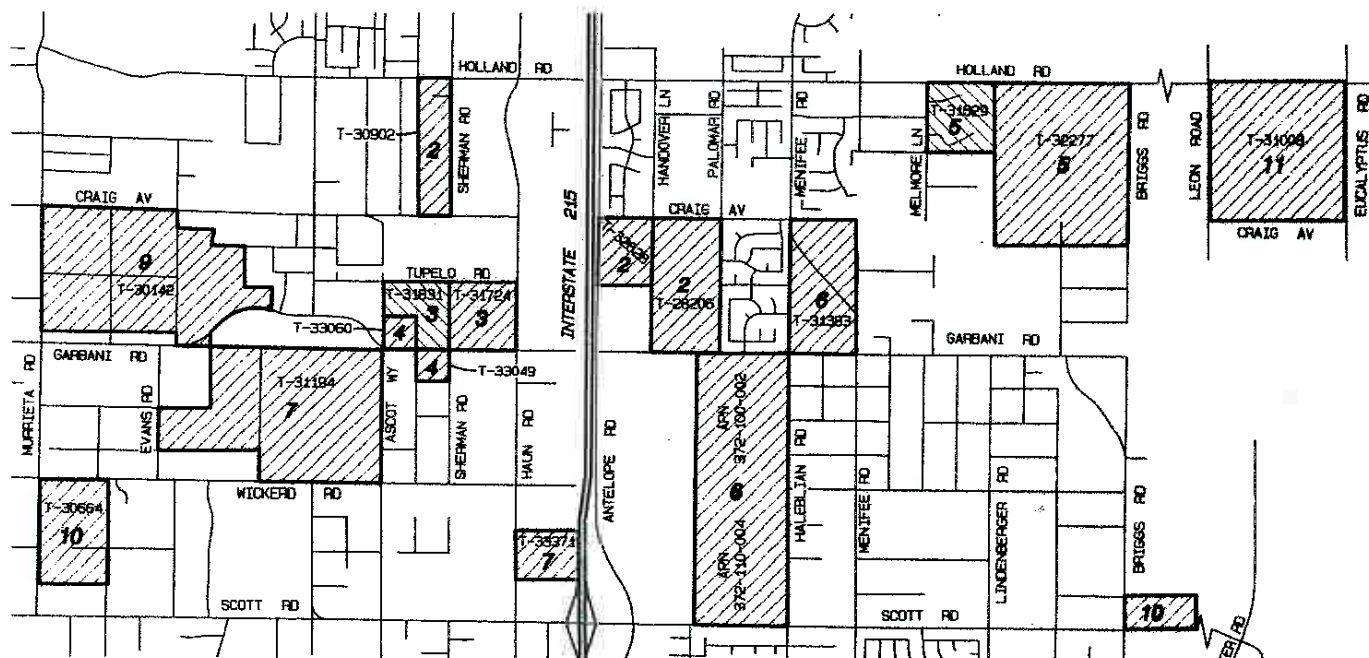
BY: Ami R. Smith
 DEPUTY

LEGEND

DISTRICT BOUNDARY

2 SHEET NUMBER

INDEX	SHEET - 1
TRACT 28206	SHEET - 2
TRACT 32628	SHEET - 2
TRACT 30902	SHEET - 2
TRACT 31831	SHEET - 3
TRACT 31724	SHEET - 3
TRACT 33049	SHEET - 4
TRACT 33060	SHEET - 4
TRACT 31629	SHEET - 5
TRACT 32277	SHEET - 5
TRACT 31383	SHEET - 6
APN'S 372-100-002	
372-110-004	SHEET - 6
TRACT 33371	SHEET - 7
TRACT 31194	SHEET - 7
TRACT 32335	SHEET - 8
TRACT 30142	SHEET - 9
TRACT 30664	SHEET - 10
TRACT 31008	SHEET - 11



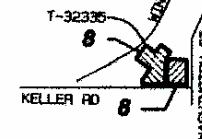
INDEX MAP

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NOT TO SCALE

ALBERT A. WEBB ASSOCIATES
 ENGINEERING COMMUNICATIONS

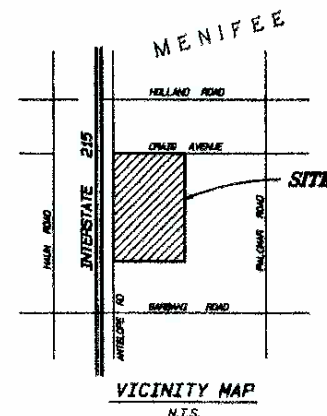
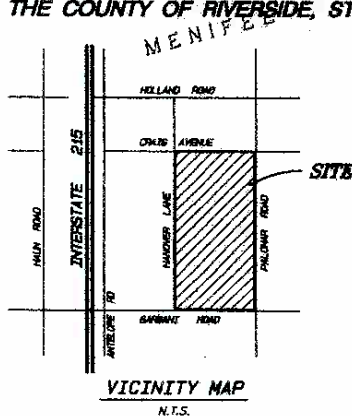
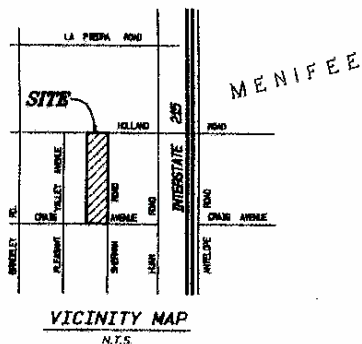
THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2006-2006.



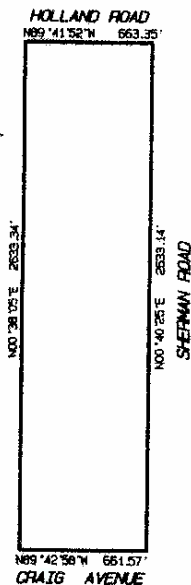
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BOUNDARY MAP **COMMUNITY FACILITIES DISTRICT NO. 05-8** **(SCOTT ROAD)** **OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



TRACT 30902

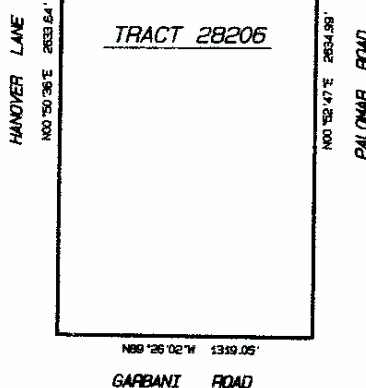


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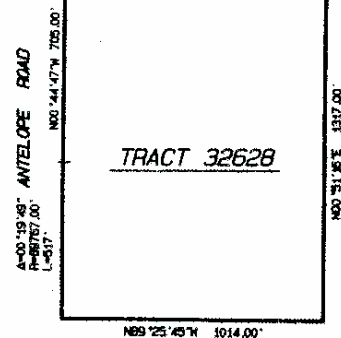
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CRAIG AVENUE

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TRACT 32628



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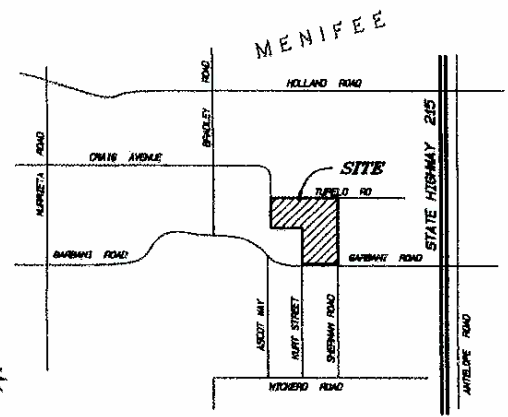
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ALBERT A.
WEBB
ASSOCIATES
ENGINEERS & ARCHITECTS

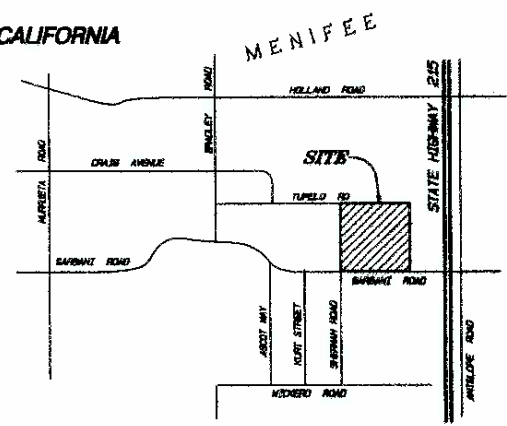
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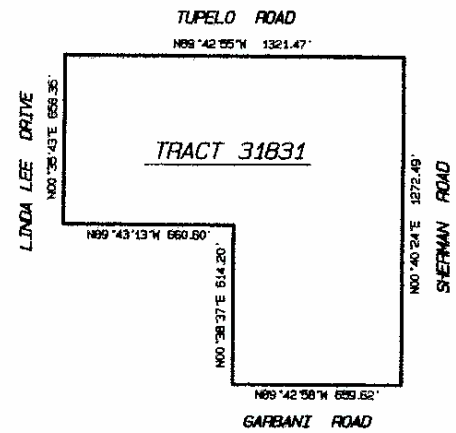
BOUNDARY MAP **COMMUNITY FACILITIES DISTRICT NO. 05-8** **(SCOTT ROAD)** **OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



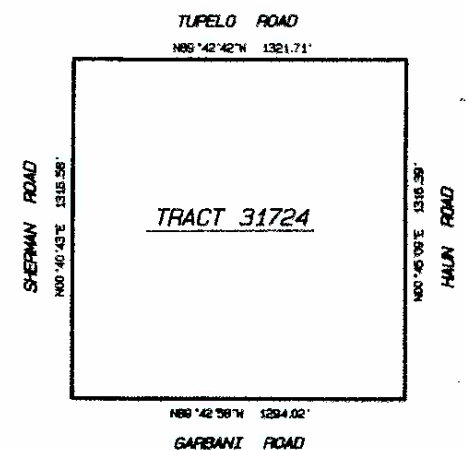
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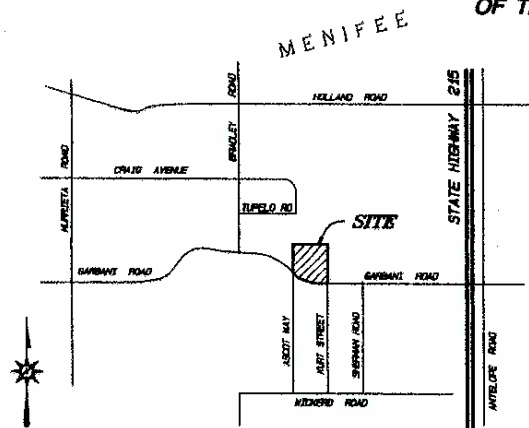
ALGERIA A. WEBB ASSOCIATES
ENGINEERING CONSULTANTS

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

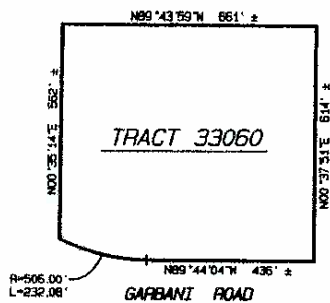
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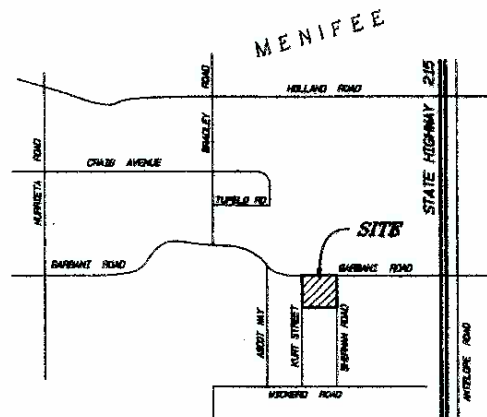
BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



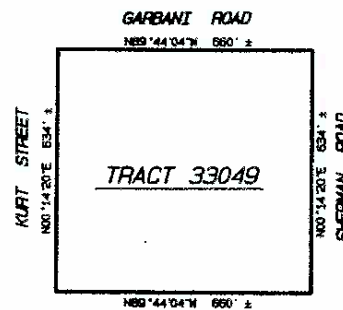
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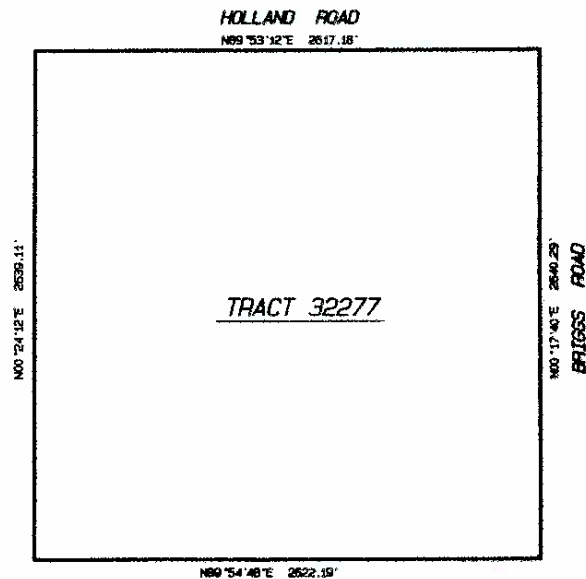
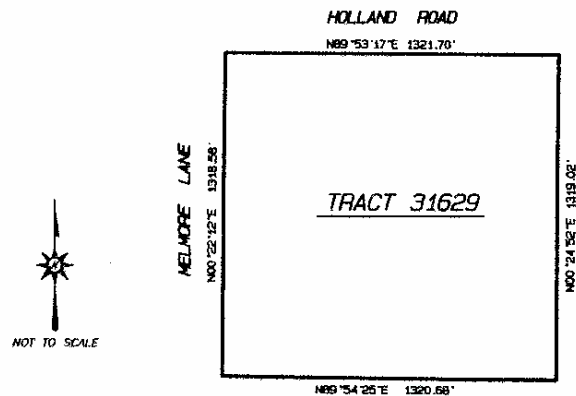
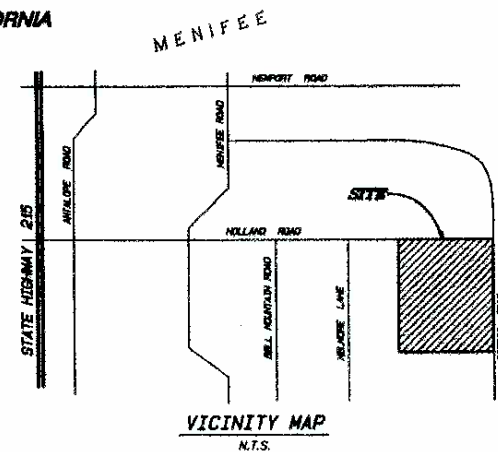
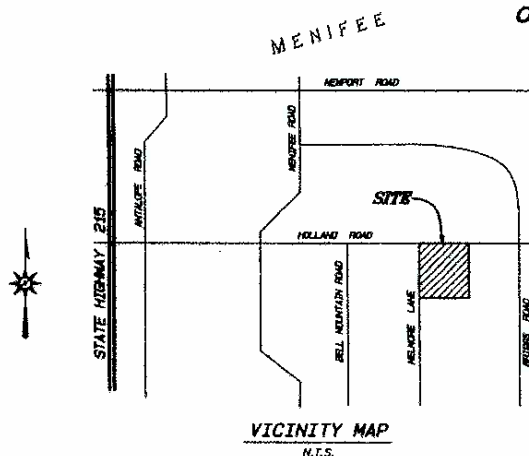
ALBERT A. WEBB
 ASSOCIATES
 ENGINEERING CORPORATION

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BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



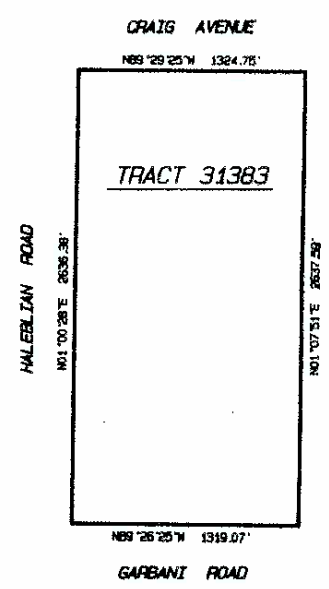
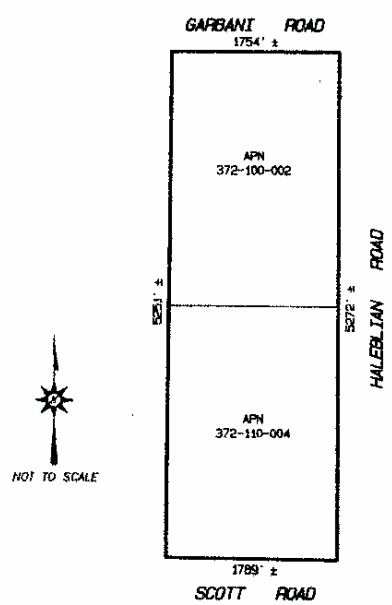
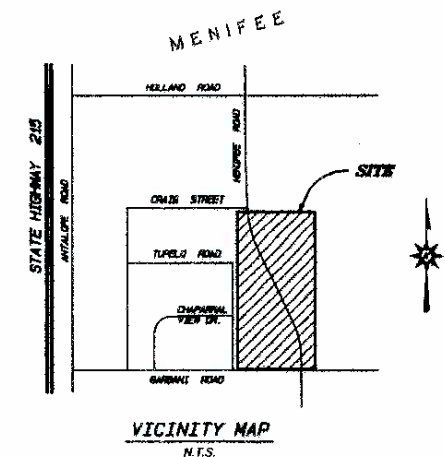
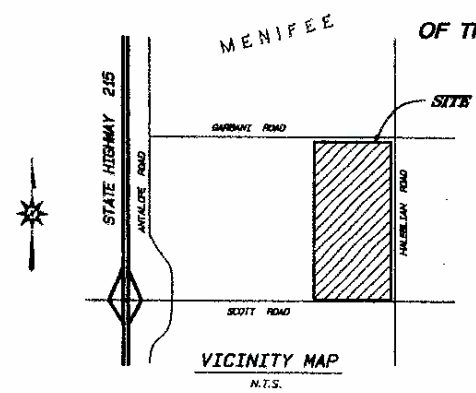
ALBERT A.
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W.D. 01-0384

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BOUNDARY MAP **COMMUNITY FACILITIES DISTRICT NO. 05-8** **(SCOTT ROAD)** **OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

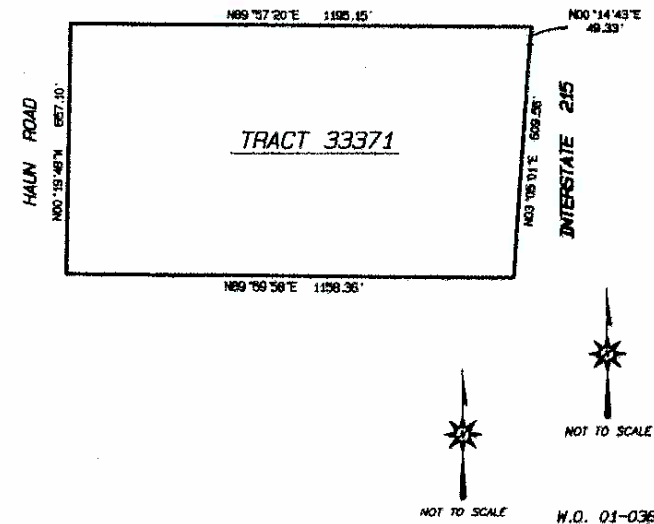
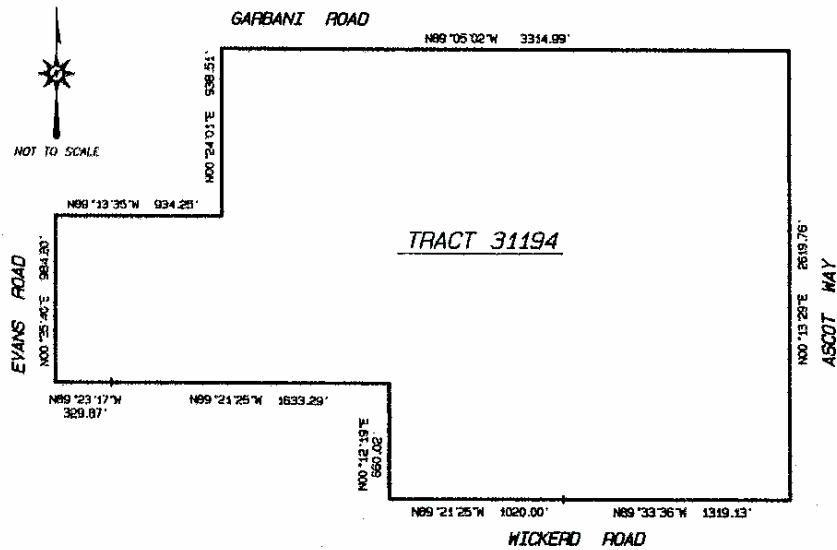
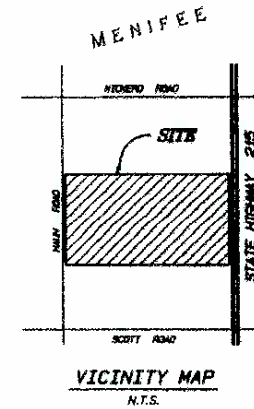
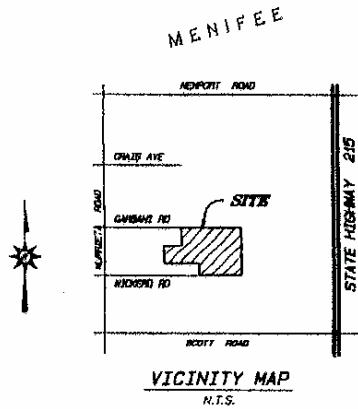


ALBERT A.
WEBB
ASSOCIATES
ENGINEERS ARCHITECTS

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

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BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

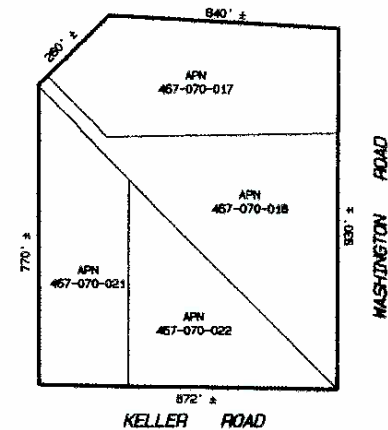
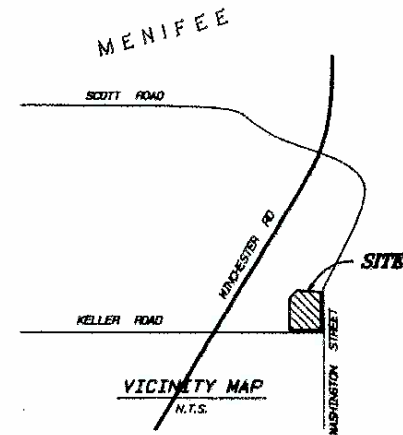


ALBERT A. WEBB ASSOCIATES
 ENGINEERING CONSULTANTS

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W.D. 01-0384

SHEET 8 OF 11 SHEETS



**ALBERT A.
WEBB
ASSOCIATES**
ENGINEERING CONSULTANTS

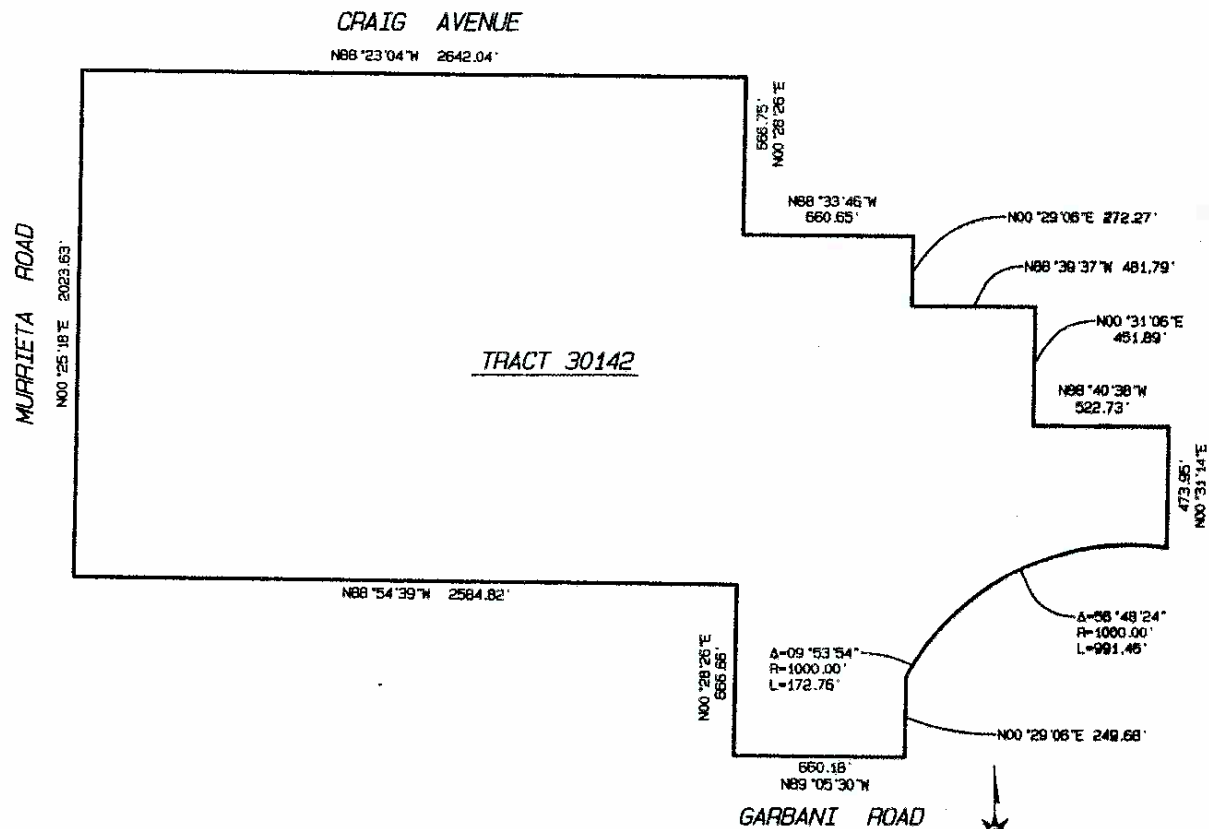
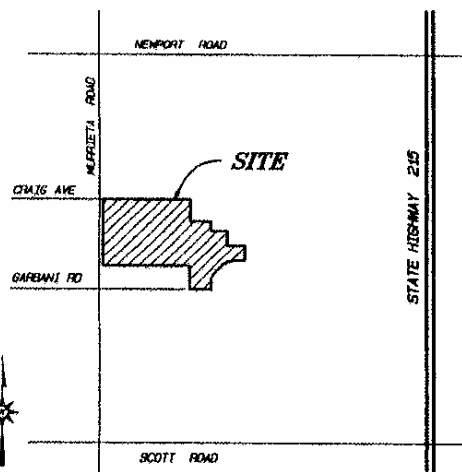
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SHEET 9 OF 11 SHEETS

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

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ALBERT A. WEBB
ASSOCIATES
ENGINEERING CONTRACTORS

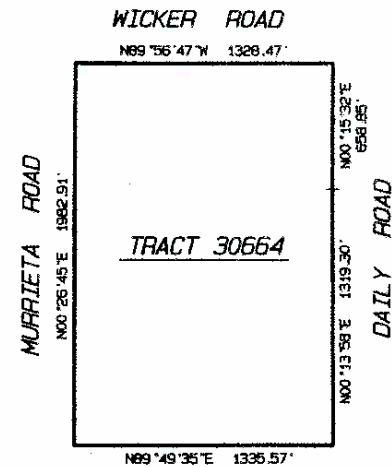
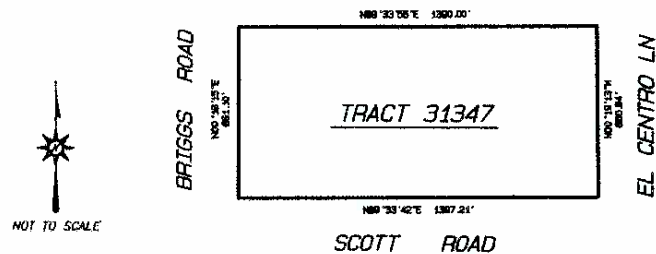
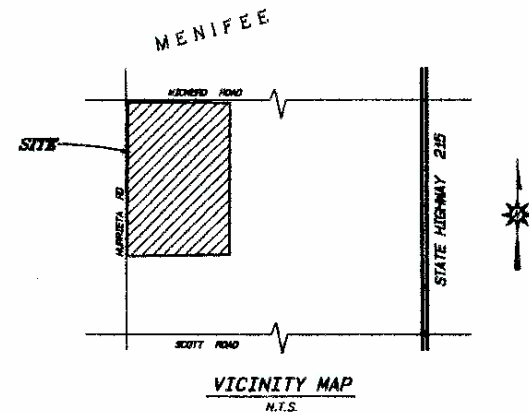
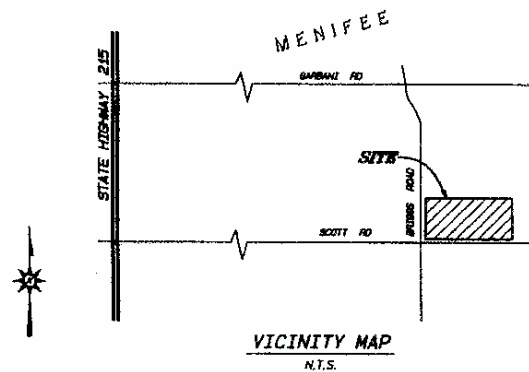
THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.



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SHEET 10 OF 11 SHEETS

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

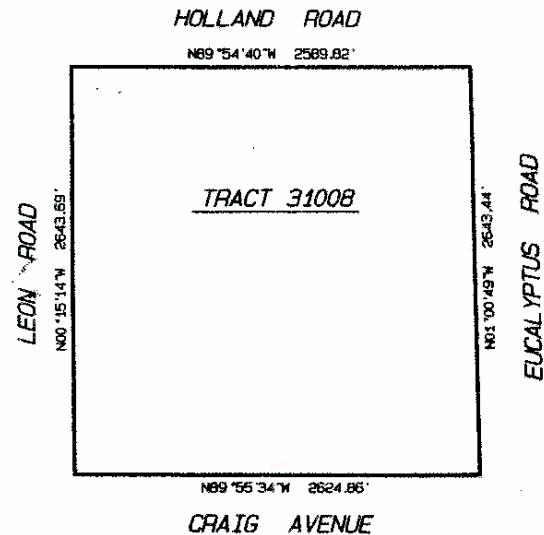
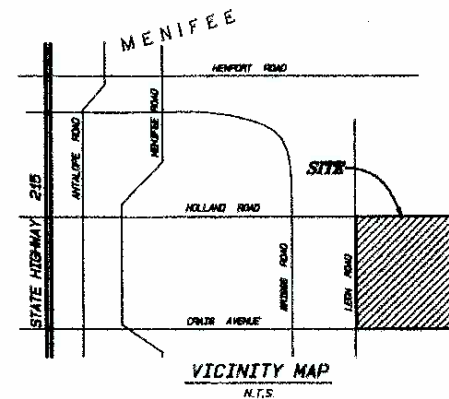


ALBERT A. WEBB ASSOCIATES
 ENGINEERING CONSULTANTS

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

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BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



NOT TO SCALE

ALBERT A.
WEBB
 ASSOCIATES
 ENGINEERING ARCHITECTS

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2005-2006.

EXHIBIT B

BOUNDARIES – POTENTIAL ANNEXATION AREA

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)

BOUNDARIES - POTENTIAL ANNEXATION AREA

COMMUNITY FACILITIES DISTRICT NO. 05-B

(SCOTT ROAD)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING POTENTIAL ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT NO. 05-B (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE RIVERSIDE COUNTY BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF, HELD ON THE 28TH DAY OF February, 2006, BY ITS RESOLUTION NO. 2006-0172

[Signature]
 CLERK OF THE BOARD OF SUPERVISORS

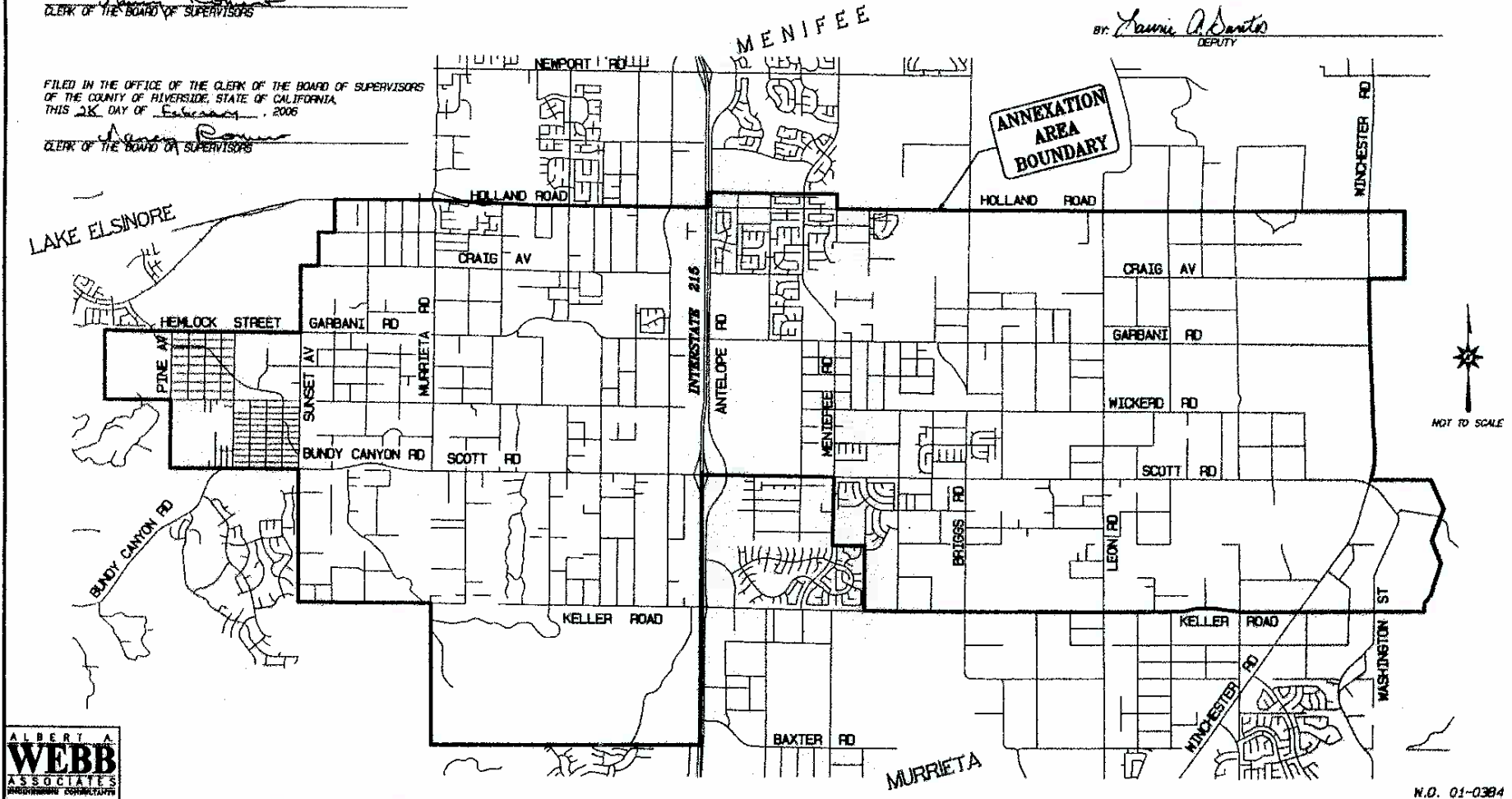
RECORDED THIS 8TH DAY OF March, 2006 AT THE HOUR OF 2:00 O'CLOCK P.M. IN BOOK 65, PAGES 11, OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: \$ 7.00 NO: 2006-017552
 LARRY W. HARR, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

BY: *[Signature]*
 DEPUTY

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THIS 28TH DAY OF February, 2006

[Signature]
 CLERK OF THE BOARD OF SUPERVISORS



ALBERT A. WEBB
 ASSOCIATES
 LANDSCAPE ARCHITECTS

N.D. 01-0384

APPENDIX B

GENERAL INFORMATION CONCERNING THE COUNTY OF RIVERSIDE

The following information concerning the County of Riverside (the “County”) is presented as general background information. The Bonds are not general obligations of the County but are limited obligations of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the “District”), as more fully described in this Official Statement, and the taxing power of the County is not pledged to the payment of the Bonds.

Population

According to the State Department of Finance, Demographic Research Unit, the County’s population was estimated at 2,439,234 as of January 1, 2023, representing an approximately 0.3% increase over the County’s population as estimated for the prior year. This compares to the statewide population decrease of 0.4% for the same period. For the period of January 1, 2013 to January 1, 2023, the County’s population grew by approximately 8.1% cumulatively. The County is the tenth most populous county in the United States.

The following table sets forth annual population figures, as of April 1, 2020 for 2020 and as of January 1 for 2021-2023, for cities located within the County for each of the years listed:

TABLE 1
COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of April 1, 2020 for 2020; as of January 1 for 2021-2023)

<i>City</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Banning	30,621	30,592	30,856	31,250
Beaumont	53,318	53,945	54,349	56,590
Blythe	18,586	17,376	17,417	17,265
Calimesa	10,028	10,588	10,950	10,962
Canyon Lake	11,069	11,082	11,003	10,949
Cathedral City	51,356	51,599	51,621	51,433
Coachella	41,900	41,931	41,935	42,462
Corona	156,637	157,182	157,139	157,005
Desert Hot Springs	32,415	32,351	32,389	32,608
Eastvale	69,742	70,457	69,978	69,514
Hemet	89,325	89,302	89,170	89,918
Indian Wells	4,759	4,791	4,785	4,774
Indio	88,795	89,422	89,789	90,837
Jurupa Valley	104,828	105,131	105,154	104,983
Lake Elsinore	70,572	71,225	71,989	71,973
La Quinta	37,504	37,727	37,562	37,979
Menifee	102,466	104,323	107,411	110,034
Moreno Valley	208,237	208,387	208,302	208,289
Murrieta	110,702	111,024	110,592	109,998
Norco	26,659	24,680	25,035	25,037
Palm Desert	50,696	50,683	50,626	50,615
Palm Springs	44,206	44,312	44,165	44,092
Perris	78,614	78,867	78,474	78,948
Rancho Mirage	16,588	16,692	16,854	17,012
Riverside	316,307	309,598	314,818	313,676
San Jacinto	53,835	54,186	54,303	54,103
Temecula	109,820	109,881	109,468	108,899
Wildomar	<u>36,720</u>	<u>36,713</u>	<u>36,438</u>	<u>36,336</u>
TOTALS				
Incorporated	2,026,305	2,024,047	2,032,572	2,037,541
Unincorporated	<u>391,880</u>	<u>394,680</u>	<u>398,404</u>	<u>401,693</u>
County-Wide	<u>2,418,185</u>	<u>2,418,727</u>	<u>2,430,976</u>	<u>2,439,234</u>
California	39,538,223	39,286,510	39,078,674	38,940,231

Source: State Department of Finance, Demographic Research Unit, Report E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Benchmark.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 71.7% between 2012 and 2022. The following tables summarize personal income for Riverside County for 2012 through 2022.

PERSONAL INCOME
Riverside County
2012-2022
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2012	\$74,093,810	2.7%
2013	76,470,084	3.2
2014	80,268,670	5.0
2015	85,386,347	6.4
2016	89,644,299	5.0
2017	93,156,635	3.9
2018	97,619,217	4.8
2019	102,037,774	4.5
2020	114,090,413	11.8
2021	125,820,553	10.3
2022	127,195,983	1.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2012-2022. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2012-2022

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2012	\$32,774	\$48,154	\$44,548
2013	33,450	48,549	44,798
2014	34,670	51,332	46,887
2015	36,418	54,632	48,725
2016	37,693	56,667	49,613
2017	38,605	58,942	51,550
2018	39,955	61,663	53,786
2019	41,385	64,513	56,250
2020	45,834	70,192	59,765
2021	51,180	76,614	64,143
2022	51,415	77,036	65,470

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

INDUSTRY AND EMPLOYMENT

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table represents the Annual Average Labor Force and Industry Employment for the County for the period from 2019 through 2023.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2019	2020	2021	2022	2023
Civilian Labor Force	2,071,600	2,091,700	2,120,600	2,148,700	2,171,500
Civilian Employment	1,987,500	1,885,400	1,964,300	2,058,400	2,068,800
Civilian Unemployment	84,000	206,200	156,300	90,200	102,700
Civilian Unemployment Rate	4.1%	9.9%	7.4%	4.2%	4.7%
 Total Farm	15,400	14,100	13,700	13,800	13,100
Total Nonfarm	1,552,700	1,495,800	1,575,100	1,659,800	1,679,800
Total Private	1,291,500	1,247,800	1,333,100	1,409,800	1,418,900
Goods Producing	209,700	202,200	207,700	216,300	216,100
Mining & Logging	1,200	1,300	1,400	1,500	1,500
Construction	107,200	104,900	110,100	114,700	115,700
Manufacturing	101,300	96,000	96,100	100,000	98,900
Service Providing	1,343,000	1,293,700	1,367,400	1,443,500	1,463,700
Trade, Transportation & Utilities	395,100	406,900	443,200	464,900	456,500
Wholesale Trade	67,700	65,600	67,400	69,500	68,700
Retail Trade	180,700	168,800	177,000	181,000	182,700
Transportation, Warehousing & Utilities	146,600	172,500	198,800	214,400	205,100
Information	14,100	12,400	12,500	13,000	13,300
Financial Activities	45,000	44,100	45,200	46,000	44,900
Professional & Business Services	155,300	152,100	166,600	173,900	164,800
Educational & Health Services	250,300	248,800	254,300	267,500	287,500
Leisure & Hospitality	175,900	141,300	160,200	180,900	186,500
Other Services	46,200	40,200	43,600	47,400	49,300
Government	<u>261,200</u>	<u>248,000</u>	<u>242,000</u>	<u>250,000</u>	<u>260,900</u>
Total, All Industries	1,568,100	1,509,900	1,588,800	1,673,500	1,692,900

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The “Total, All Industries” data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, March 2024 Benchmark.

The following tables show the largest employers located in the County as of June 30, 2023.

LARGEST EMPLOYERS

County of Riverside

(As of June 30, 2023)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	25,366	County Government
2.	Amazon	14,317	E-Commerce
3.	March Air Reserve Base	9,600	Military Reserve Base
4.	Nestle UA	8,874	Grocery Wholesalers
5.	University of California-Riverside	8,623	University
6.	State of California	8,383	State Government
7.	Walmart	7,494	Retail Company
8.	Moreno Valley Unified School District	6,020	School District
9.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
10.	Corona-Norco Unified School District	5,478	School District

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2023.

The following table summarizes the labor force, employment and unemployment figures for the period from 2019 through 2023 for the County, the State and the nation as a whole.

**COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽²⁾</i>	<i>Unemployment⁽³⁾</i>	<i>Unemployment Rate (%)</i>
2019				
County of Riverside	1,108,100	1,061,500	46,600	4.2%
State of California	19,409,400	18,612,600	796,800	4.1
United States ⁽⁴⁾	163,539,000	157,538,000	6,001,000	3.7
2020				
County of Riverside	1,121,100	1,008,000	113,000	10.1%
State of California	18,931,100	16,996,700	1,934,500	10.2
United States ⁽⁴⁾	160,742,000	147,795,000	12,947,000	8.1
2021				
County of Riverside	1,133,000	1,050,000	83,000	7.3%
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
County of Riverside	1,152,100	1,104,100	48,000	4.2%
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
County of Riverside	1,157,900	1,102,300	55,600	4.8%
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2023 Benchmark.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also three factory outlet malls (Desert Hills Factory Stores, Cabazon Outlets and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The table below presents taxable sales for the years 2019 through 2023 for the County.

TAXABLE SALES
County of Riverside
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Sales</i>
2019	64,063	\$40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,094,594

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2019-2023.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2018 through 2022.

BUILDING PERMITS AND VALUATIONS
Riverside County
2018 through 2022
(Dollars in Thousands)

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation					
Residential	\$2,558,081	\$2,275,405	\$2,519,303	\$2,262,642	\$2,921,113
Non-Residential	<u>1,959,680</u>	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>
Total	\$4,517,761	\$3,561,261	\$3,673,081	\$3,806,640	\$4,622,731
Units					
Single Family	7,540	6,563	8,443	7,360	8,863
Multi 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

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the last five years.

TABLE 5
COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO
AND SOUTHERN CALIFORNIA
MEDIAN HOUSING PRICES

<i>Year</i>	<i>Los Angeles</i>	<i>Riverside</i>	<i>San Bernardino</i>	<i>Southern California⁽¹⁾</i>
2019	\$615,000	\$392,000	\$343,750	\$530,000
2020	670,000	430,000	380,000	575,000
2021	770,000	510,000	450,000	665,000
2022 ⁽²⁾	820,000	582,000	500,000	758,660
2023 ⁽³⁾	830,000	560,000	475,000	730,000

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

⁽²⁾ Median housing prices reported for August 2022.

⁽³⁾ Median housing prices reported for June 2023.

Source: CoreLogic.

The following table sets forth the residential foreclosures recorded in Riverside County for the current and five most recently completed fiscal years.

TABLE 6
COUNTY OF RIVERSIDE
RESIDENTIAL FORECLOSURES

<i>Year</i>	<i>Foreclosures</i>
2018	1,233
2019	872
2020 ⁽¹⁾	314
2021 ⁽¹⁾	274
2022	407
2023 ⁽²⁾	179

⁽¹⁾ Foreclosures were lower in 2020 and 2021 than in prior years due to a moratorium on foreclosure of certain mortgage and court closures related to the COVID-19 pandemic.

⁽²⁾ Current through June 8, 2023.

Source: DQNews (2018-2021); County Assessor (2022-2023).

Agriculture

In 2022, principal agricultural products were nursery stock, milk, table grapes, eggs, bell peppers, lemons, alfalfa, turf grass, dates and avocados.

Four areas in the County account for a major portion of the 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.

Agricultural production in the County may be impacted by drought conditions. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2018 through 2022, the last year being the most recent year of which data is currently available.

TABLE 7
COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Citrus Fruits	\$ 170,775,000	\$ 121,934,000	\$ 126,567,000	\$ 127,473,000	\$ 132,062,000
Trees and Vines	249,150,000	268,368,000	282,840,000	280,105,000	270,078,000
Vegetables, Melons, Misc.	371,570,000	354,217,000	334,440,000	324,895,000	328,326,000
Field and Seed Crops	93,282,000	141,652,000	156,114,000	135,033,000	159,419,000
Nursery	165,758,000	204,768,000	247,765,000	267,547,000	318,683,000
Apiculture	5,473,000	6,123,000	5,858,000	5,925,000	5,950,000
Aquaculture	4,732,000	4,776,000	4,596,000	4,873,000	5,749,000
Livestock and Poultry	238,468,000	219,427,000	260,040,000	260,059,000	270,282,000
Grand Total	\$ 1,299,208,000	\$ 1,321,265,000	\$ 1,418,220,000	\$ 1,405,910,000	\$ 1,490,459,000

Source: County of Riverside Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwesterly from Riverside through Corona and connects with the Orange County freeway network. Interstate 10 traverses the County in an east-west direction, the western-most portion of which links up with major cities and freeways in Los Angeles County and San Bernardino County, with the eastern part linking the County's desert cities with Arizona. Interstates 15 and 215 extend northeasterly to Nevada, and Interstate 15 extends southerly to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to San Bernardino County and Los Angeles County. The State Route 91 Express Lanes connect to the OCTA SR-91 Express Lanes at the Orange County/Riverside County line on the west and continue easterly to the Interstate 15/State Route 91 interchange opened in March 2017. When travelling along State Route 91 through Corona, vehicles are able to use either the tolled express lanes or the free general-purpose lanes. The Interstate 15 Express Lanes extend from the San Bernardino County line southerly to Cajalco Road in Corona and opened in April 2021.

Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from nine stations in western Riverside County, including the Perris Valley area. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Palm Springs. Freight service to major west coast and national markets is provided by two transcontinental railroads – Union Pacific Railroad and the BNSF Railway Company. 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. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, servicing the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority (OIAA) and was transferred by the City of Los Angeles to the OIAA in October 2016. Four major airlines schedule commercial flight service at Palm Springs International Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe, Chiriaco-Summit 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. The March AFB Joint Powers Authority (the “JPA”), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are three elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Approximately ninety percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside -- the University of California, Riverside (“UCR”), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.

Definitions

“Act” means the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 et seq. of the California Government Code.

“Additional Bonds” means Bonds other than 2018 Bonds and 2024 Bonds issued under the Indenture in accordance with the provisions thereof.

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

“Administrative Expenses” means costs related to the administration of the District, including but not limited to, the cost of administering the levy and collection of the Special Tax and all other administrative costs of the District, including, but not limited to, the fees and expenses of the Trustee (including any fees and expenses of its counsel), the expenses of the District or the County in carrying out the District’s duties under the Indenture including annual audits, the fees and expenses of its special tax consultants and its legal counsel, and costs incurred in the levying and collection of the Special Tax, the costs incurred in the foreclosure of parcels delinquent in the payment of Special Taxes or in connection with obtaining security for payment of Special Taxes in lieu of foreclosure, costs associated with the creation and dissemination of continuing disclosure, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, amounts payable to the federal government as arbitrage rebate and all other costs of the District, the County or the Trustee incurred in connection with the discharge of their respective duties under the Indenture, including, in the case of the County, in any way reasonably related to the administration of the District (other than costs of any consultant or firm of financial consultants appointed by the District or the County incurred in connection with the prepayment of the Special Tax).

“Administrator” means, with respect to the District, the County Executive Officer, and any other Person designated as an Administrator of the District in a Written Certificate of the District filed with the Trustee.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

“Appraised Value” means the value of all or any portion of the Taxable Property, as set forth in a Qualified Appraisal Report prepared by a Qualified Appraiser.

“Assessed Value” means, with respect to all or any portion of the Taxable Property, as of any date, the assessed value thereof, as such value is shown on the most recently equalized assessment roll.

“Auditor” means the Auditor/Controller of the County.

“Authorized Denominations” means (a) with respect to the 2018 Bonds and the 2024 Bonds, \$5,000 and integral multiples thereof, and (c) with respect to each Series of Additional Bonds, the authorized

denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

“Available Special Taxes” means, for any Fiscal Year, the sum of (a) the amount of Maximum Special Taxes that may be levied for such Fiscal Year, pursuant to the Rate and Method and the Act, on all Taxable Property, less (b) the Projected Administrative Expenses in such Fiscal Year.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bond Counsel” means a firm of nationally recognized bond counsel selected by the District.

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

“Bond Year” means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive.

“Bonds” means the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds issued under the Indenture, and includes the 2018 Bonds, the 2024 Bonds and any Additional Bonds.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“Closing Date” means the date upon which the 2024 Bonds are delivered to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement dated as of June 1, 2024, executed and delivered by the District together with any amendments thereto.

“Corresponding Bond Year” means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District or the County relating to the authorization, sale, issuance and delivery of the Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

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

“County” means the County of Riverside, and any successor thereto.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated.

“Depository” means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

“District” means Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, a community facilities district organized and existing under the laws of the State, and any successor thereto.

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

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

“Escrow Agreement” means that certain Escrow Agreement, by and between the District and the Escrow Bank, dated as of June 1, 2024, together with any amendments thereto.

“Escrow Bank” means U.S. Bank Trust Company, National Association, and any successors thereto.

“Event of Default” means any event or circumstance specified in the Indenture.

“Facilities” means the facilities authorized to be financed by the District, as more particularly described in the Resolution of Formation.

“First Supplement to Indenture” means the First Supplement to Indenture, dated as of December 1, 2018, by and between the District and U.S. Bank Trust Company, National Association, as Trustee.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the District.

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

“Indenture” means the Indenture, dated as of February 1, 2013, by and between the District and U.S. Bank Trust Company, National Association, as Trustee, as supplemented by the First Supplement to Indenture and Second Supplement to Indenture, and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“Insured 2024 Bonds” means the 2024 Bonds maturing on September 1 of the years 2028 through 2042, inclusive.

“Insurer” or **“BAM”** means Build America Mutual Assurance Company, or any successor thereto.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2024.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5%, and (ii) the then applicable highest rate of interest on the Insured 2024 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Legislative Body” means the Board of Supervisors, acting ex officio as the Legislative Body of the District.

“Letter of Representations” means the Letter of Representations from the District to the Depository, in which the District makes certain representations with respect to issues of its securities for deposit by the Depository.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

“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.

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

“Non-Proceeds Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to the Indenture.

“Office of the Trustee” means (a) the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the District by the Trustee in writing, and (b) with respect to presentation of Bonds for payment or for registration of transfer and exchange, the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Ordinance” means Ordinance No. 852 adopted by the Board of Supervisors on May 2, 2006, as originally adopted and as it may be amended from time to time.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated with respect to the 2024 Bonds.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the District shall have been discharged in accordance with the Indenture, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” has the meaning ascribed to such term in the Continuing Disclosure Agreement.

“Permitted Investments” means the following:

(1) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank Rural Economic Community Development Administration
- U.S. Maritime Administration Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) 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:

- Senior debt obligations 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;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks (which may include the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated “Aa/AA1” or general obligations of states with a rating of “A2/A” or higher by both Moody’s and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “Aa3” by Moody’s and “AA-” by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *par passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the District receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider’s rating by either Moody’s or S&P falls below “Aa3” or “AA-,” respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody’s and S&P to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A3” or “A-,” respectively, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

(10) The Local Agency Investment Fund maintained by the Treasurer of the State; and

(11) The investment pool maintained by the Treasurer of the County.

"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.

"Policy" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured 2024 Bonds when due.

"Proceeds Account" means the account by that name within the Improvement Fund established and held by the Trustee pursuant to the Indenture.

"Projected Administrative Expenses" means (a) for Fiscal Year 2023-24, \$68,193, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Projected Administrative Expenses on each July 1, from and including July 1 immediately following the end of the then current Fiscal Year to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

"Rate and Method" means the rate and method of apportionment of the Special Taxes approved by the qualified electors of the District.

"Rebate Fund" means the "2024 Bonds Rebate Fund" established pursuant to the Second Supplement to Indenture.

"Rebate Requirement" has the meaning ascribed to such term in the Tax Certificate.

"Record Date" means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Redemption Price" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant to the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Resolution of Formation" means Resolution No. 2006-092, adopted by the Board of Supervisors on April 6, 2006.

“Second Supplement to Indenture” means the Second Supplement to Indenture, dated as of June 1, 2024, by and between the District and U.S. Bank Trust Company, National Association, as Trustee.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of New York, 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 “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Series” means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the 2018 Bonds, the 2024 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

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

“Special Taxes” means the special taxes levied within the District pursuant to the Act, the Ordinance and the Indenture.

“State” means the State of California.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means the Tax Certificate executed by the District at the time of issuance of the 2024 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Taxable Property” has the meaning ascribed thereto in the Rate and Method.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture, substituted in its place as provided in the Indenture.

“2018 Bonds” means the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2018, issued under the First Supplement to Indenture.

“2024 Bonds” means the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2024, issued under the Second Supplement to Indenture.

“Verification Report” means, with respect to the deemed payment of Bonds pursuant to the Indenture, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements thereof.

“Written Certificate” and **“Written Request”** of the District mean, respectively, a written certificate or written request signed in the name of the District by an Administrator. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

The Bonds

Transfer and Exchange of Bonds. Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the District shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to the Indenture during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Book-Entry System. (a) Prior to the issuance of a Series of Bonds, the District may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully-registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The 2024 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the District and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The District and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for

all other purposes whatsoever, and the District and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or “upon the order of (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner’s respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the District and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository’s book-entry system, the District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the District, the District and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository’s book-entry program.

(g) In the event the District determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the District shall discontinue the Book-Entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of the Indenture. Whenever the Depository requests the District to do so, the District shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of the Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name

of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to the Indenture by the District or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The District may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under the provisions of the Indenture summarized in this paragraph and of the expenses which may be incurred by the District and the Trustee. Any Bond of a Series issued under the provisions of the Indenture summarized in this paragraph in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the District, shall be in fully-registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds, an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under the Indenture as definitive Bonds of such Series authenticated and delivered under the Indenture.

Additional Bonds

Conditions for the Issuance of Additional Bonds. The District may at any time issue one or more Series of Additional Bonds (in addition to the 2018 Bonds and the 2024 Bonds) payable from Net Special Tax Revenues as provided in the Indenture on a parity with all other Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are conditions precedent to the issuance of such Additional Bonds:

- (a) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing under the Indenture;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which the proceeds of such Additional Bonds are to be applied, which purposes may only include one or more of (A) providing funds to pay costs of the Facilities, (B) providing funds to refund any Bonds previously issued under the Indenture, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (D) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (viii) below;

(ii) the principal amount and designation of such Series of Additional Bonds and the interest rate to be borne by each maturity of such Additional Bonds;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a September 1 and, provided, further, that serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the Authorized Denominations of such Additional Bonds;

(vi) the redemption premiums and terms, if any, for such Additional Bonds;

(vii) the form of such Additional Bonds;

(viii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, however, that the amount on deposit in the Reserve Fund at the time that such Additional Bonds become Outstanding shall be at least equal to the Reserve Requirement; and

(ix) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture; and

(c) The District shall have received a certificate from one or more Independent Consultants that, taken together, certify that:

(i) on the basis of the parcels of land and improvements existing in the District as of the January 1 preceding the proposed issuance of such Additional Bonds, for each Fiscal Year that Bonds will be Outstanding, the amount of the Available Special Taxes that may be levied on all Taxable Property in such Fiscal Year is at least equal to 110% of Annual Debt Service for the Corresponding Bond Year on all Outstanding Bonds; and

(ii) the sum of (A) the Assessed Value of parcels of Taxable Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Taxable Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least seven (7) times the

sum of (I) the aggregate principal amount of all Bonds that will be Outstanding after the issuance of such Additional Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Taxable Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Taxable Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available..

Notwithstanding the foregoing, if (i) such Additional Bonds are being issued to refund previously issued Bonds, and (ii) Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds which are Outstanding immediately prior to the issuance of such Additional Bonds, the receipt of the certificate described in paragraph (c) above, shall not be a condition precedent to the issuance of such Additional Bonds.

Nothing contained in the Indenture shall limit the issuance of any special tax bonds payable from Special Taxes if after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding.

Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the District for issuance under the Indenture and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

- (a) a certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;
- (b) a Written Request of the District as to the delivery of such Additional Bonds;
- (c) a Written Certificate of the District stating that the conditions precedent to the issuance of such Additional Bonds specified in the provisions of the Indenture as described under the subcaption “— Conditions for the Issuance of Additional Bonds” have been satisfied;
- (d) an opinion of Bond Counsel substantially to the effect that (i) the Indenture and all Supplemental Indentures have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), (ii) such Additional Bonds constitute valid and binding special obligations of the District and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or money as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Additional Bonds. So long as any of the Bonds remain Outstanding, the District shall not issue any Additional Bonds or obligations payable from Special Tax Revenues, except pursuant to the provisions of the Indenture summarized under the caption “Additional Bonds.”

Flow of Funds; Investments

Bond Fund. (a) The Trustee shall establish and maintain a separate fund designated the “Bond Fund.” The Trustee shall deposit in the Bond Fund from time to time the amounts required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in the Bond Fund the portion, if any, of the proceeds of the sale of Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Bond Fund.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Bond Fund for payment to the Owners of the Bonds the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

(d) In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture summarized under the subcaption “Events of Default and Remedies — Application of Net Special Tax Revenues After Default.”

Redemption Fund. (a) The Trustee shall establish and maintain a special fund designated the “Redemption Fund.” As soon as practicable after the receipt by the District of prepaid Special Taxes, but in any event not later than ten Business Days after such receipt, the District shall transfer the portion of such prepaid Special Taxes to be applied to the Redemption Price of the Bonds to be redeemed from such prepaid Special Taxes to the Trustee for deposit in the Redemption Fund. The Trustee shall deposit in the Redemption Fund amounts received from the District in connection with the District’s exercise of its rights to optionally redeem Bonds pursuant to the Indenture and any other amounts required to be deposited therein pursuant to the Indenture or pursuant to any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom (i) to pay the Redemption Price of Bonds redeemed pursuant to the provisions of the Indenture relating to mandatory redemption from Special Tax prepayments and to pay the Redemption Price of Additional Bonds redeemed under the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued, and (ii) to pay the Redemption Price of Bonds redeemed pursuant to the provisions of the Indenture relating to mandatory redemption from Special Tax prepayments and to pay the Redemption Price of Additional Bonds redeemed under the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(c) In lieu of the optional redemption of Bonds otherwise to be redeemed pursuant to the Indenture from amounts on deposit in the Redemption Fund, amounts on deposit in the Redemption Fund may, no later than 45 days prior to the date on which such Bonds are to be so redeemed, be used and withdrawn by the Trustee, upon the Written Request of the District, for the purchase of such Bonds at public or private sale at a purchase price (including brokerage and other charges, but excluding accrued interest, which is payable from the Bond Fund) that shall not exceed the Redemption Price of such Bonds.

Reserve Fund. (a) The Trustee shall establish and maintain a special fund designated the “Reserve Fund.” On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount specified in the Indenture. The Trustee shall deposit in the Reserve Fund from time to time the amounts required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in the Reserve Fund, in connection with the issuance of Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Except as otherwise provided in the provisions of the Indenture summarized under this subcaption (“— Reserve Fund”), all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Bond Fund in accordance with the provisions of the Indenture summarized in paragraph (b) under the subcaption “- Bond Fund” in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds, and (ii) redeeming Bonds in accordance with the provisions of the Indenture summarized under this subcaption.

(c) Whenever Bonds are to be redeemed pursuant to the provisions of the Indenture relating to optional redemption or mandatory redemption from Special Tax prepayments or the corresponding provisions of a Supplemental Indenture, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to the provisions of the Indenture summarized under the subcaption “Defeasance — Bonds Deemed To Have Been Paid,” be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(d) Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the District, transfer the amount in the Reserve Fund to the Bond Fund or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

(e) If as a result of the scheduled payment of principal of or interest on the Outstanding Bonds, the Reserve Requirement is reduced, the Trustee shall transfer to the Bond Fund an amount equal to the amount by which the amount on deposit in the Reserve Fund exceeds such reduced Reserve Requirement.

Rebate Fund. The Trustee will establish a separate fund for the 2024 Bonds designated the “2024 Bonds Rebate Fund” (referred to in the Second Supplement to Indenture as the “Rebate Fund”). Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2024 Bonds will not be adversely affected, the District will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this section and the Tax Certificate. All money at

any time deposited in the Rebate Fund will be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund will be governed by this section and the Tax Certificate, unless the District obtains and delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on the 2024 Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied. Notwithstanding anything to the contrary contained in the Second Supplement to Indenture or in the Tax Certificate, the Trustee will be deemed conclusively to have complied with the provisions of this section and the Tax Certificate if the Trustee follows the directions of the District, and the Trustee will have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the District with the Tax Certificate or the provisions of this section.

(a) Rebate Earnings.

(i) Computation. Within 55 days of the end of each fifth Bond Year with respect to the 2024 Bonds, the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this section.

(ii) Transfer. Within 55 days of the end of each fifth Bond Year with respect to the 2024 Bonds, upon the Finance Director’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established in the Second Supplement to Indenture, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this section. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Finance Director, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The District shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Bond Year with respect to the 2024 Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(Y) Not later than 60 days after the payment of all the 2024 Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established in the Second Supplement to Indenture, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to the Second Supplement to Indenture shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the District, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after payment of the 2024 Bonds and the payments described in the Second Supplement to Indenture, shall be transferred by the Trustee to the District at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in the Second Supplement to Indenture to the contrary, the obligation to comply with the requirements of this section shall survive the defeasance of the 2024 Bonds.

(d) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this section other than to follow the written directions of the District. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

Administrative Expense Fund. The Trustee shall establish and maintain a special fund designated the "Administrative Expense Fund." The Trustee shall deposit in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to the Indenture.

The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the District stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred and that such purpose constitutes an Administrative Expense, (d) that such payment is a proper charge against the Administrative Expense Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Administrative Expense Fund; in each case together with a statement or invoice for each amount requested thereunder.

To the extent moneys are not otherwise available therefor in the Earnings Fund, amounts in the Administrative Expense Fund shall, at the Written Request of the District, be transferred by the Trustee to the Rebate Fund.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture. There shall be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Bond Fund and, upon making such transfer, the Costs of Issuance Fund shall be closed.

(c) If the Costs of Issuance Fund has been closed in accordance with the provisions of the Indenture, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Improvement Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Improvement Fund." Within the Improvement Fund, the Trustee shall establish and maintain a separate account designated the "Proceeds Account" and a separate account designated the "Non-Proceeds Account" On the Closing Date, the Trustee shall deposit in the Proceeds Account the amount specified in the Indenture. There shall additionally be deposited in the Proceeds Account the portion, if any, of the proceeds of the sale of

any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Non-Proceeds Account the amounts required to be transferred thereto from the Special Tax Fund pursuant to the Indenture.

(b) The moneys in the Proceeds Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission to the Trustee of a Written Request of the District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Facilities and is a proper charge against the Proceeds Account, and (v) that such amounts have not been the subject of a prior disbursement from the Proceeds Account, in each case together with a statement or invoice for each amount requested thereunder.

Upon the filing of a Written Certificate of the District stating (i) that the portion of the Facilities to be financed from the Proceeds Account has been completed and that all costs of such Facilities have been paid, or (ii) that such portion of the Facilities has been substantially completed and that all remaining costs of such portion of the Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Proceeds Account (less any such retention) is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Proceeds Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds.

(c) The moneys in the Non-Proceeds Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission to the Trustee of a Written Request of the District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Facilities and is a proper charge against the Non-Proceeds Account, and (v) that such amounts have not been the subject of a prior disbursement from the Non-Proceeds Account, in each case together with a statement or invoice for each amount requested thereunder.

The moneys in the Non-Proceeds Account shall be transferred by the Trustee from time to time to the Administrative Expense Fund, the Bond Fund, the Reserve Fund, the Rebate Fund or the Redemption Fund as requested, and in the amount specified, in a Written Request of the District submitted to the Trustee.

Earnings Fund. The Trustee shall establish and maintain a special fund designated the "Earnings Fund." The Trustee shall deposit in the Earnings Fund the amounts required to be deposited therein pursuant to the Indenture.

At least annually on or before November 1 of each year, if the amount on deposit in the Rebate Fund is less than the Rebate Requirement, the District shall deliver to the Trustee a Written Request of the District directing the Trustee to transfer from the Earnings Fund to the Rebate Fund the amount specified in such Written Request (which shall be an amount sufficient to cause the amount on deposit in the Rebate Fund to be equal to the Rebate Requirement), and the Trustee shall so transfer such amount. On November 2 of each year, after having made any requested transfer to the Rebate Fund, the Trustee shall transfer any amount in the Earnings Fund, first, to the Reserve Fund in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement and, second, to the Special Tax Fund.

Investment of Moneys. Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the District two Business Days prior to the making of such investment. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the

purposes specified in the Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent timely written direction from the District, the Trustee shall invest any funds held by it in Permitted Investments described in paragraph 6 of the definition thereof.

Subject to the provisions of the Indenture relating to the Rebate Fund, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture (other than the Reserve Fund) shall be retained therein. Subject to the provisions of the Indenture relating to the Rebate Fund, all interest, profits or other income received from the investment of moneys in the Reserve Fund shall, prior to the date on which a Written Certificate of the District is delivered to the Trustee pursuant to the provisions of the Indenture summarized in paragraph (b) under the subcaption “— Improvement Fund,” be transferred to the Proceeds Account and, thereafter, be transferred to the Earnings Fund; provided, however, that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

Permitted Investments acquired as an investment of moneys in any fund or account established under the Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted investments credited to such fund shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to provisions of the Indenture summarized under this subcaption (“— Investment of Moneys”). For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the District periodic cash transaction statements which include details for all investment transactions made by the Trustee under the Indenture.

Covenants

Collection of Special Tax Revenues. (a) The District shall comply with all requirements of the Act, the Ordinance and the Indenture so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes; provided, however, that the District shall have the right to waive delinquency penalties and redemption penalties in accordance with the provisions of subdivision (e) of Section 53340 of the Act.

(b) Prior to August 1 of each year, the District shall ascertain from the County Assessor 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 effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 10, or otherwise such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts

for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the District shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires in order to include the levy of the Special Taxes on the next real property tax roll.

(c) The District shall fix and levy the amount of Special Taxes within the District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Bond Year commencing in such Fiscal Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established under the Indenture.

(d) The Special Taxes shall be payable and be 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 time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Foreclosure. Pursuant to Section 53356.1 of the Act, the District covenants with and for the benefit of the Owners that it will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing, the District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Special Tax delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and 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 foreclosure proceedings cost.

Compliance with Act. The District shall comply with all applicable provisions of the Act.

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

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

Against Encumbrances: Defense of Pledge. The District shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under the

Indenture, except as permitted by the Indenture. The District shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created by the Indenture, against all claims and demands of all Persons whomsoever.

Tax Covenants. Notwithstanding any other provision of the Second Supplement to Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the 2024 Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the 2024 Bonds or of any other monies or property which would cause the 2024 Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2024 Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2024 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guaranty. The District will make no use of the proceeds of the 2024 Bonds or take or omit to take any action that would cause the 2024 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

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

(e) Hedge Bonds. The District will make no use of the proceeds of the 2024 Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either any 2024 Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2024 Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the District in connection with each issuance of 2024 Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Second Supplement to Indenture.

Continuing Disclosure. Each of the District and the Trustee will comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of the Indenture, failure of the District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding 2024 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the 2024 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Non-Cash Payments of Special Taxes. The District shall not authorize owners of taxable parcels within the District to satisfy Special Tax obligations by the tender of Bonds unless the District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Reduction in Special Taxes. The District shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is

adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Accounting Records. The District shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Special Taxes, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

State Reporting. If at any time the Trustee 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 of or interest on the Bonds, the Trustee 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 ten days of the failure to make such payment or the date of such withdrawal.

Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2019 and continuing 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. 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 in connection with any error in any such information.

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

Events of Default and Remedies

Events of Default. The following events shall be Events of Default:

- (a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;
- (b) failure to pay any installment of interest on any Bonds when and as the same shall become due and payable;
- (c) failure by the District to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the District within such 30 day period and the District shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or
- (d) the commencement by the District or the County of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Foreclosure. If an Event of Default shall occur under the provisions of the Indenture summarized in paragraphs (a) or (b) under the subcaption “— Events of Default” above, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the District with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

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

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

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

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

Application of Net Special Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Special Tax Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

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

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

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

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

(c) any remaining funds shall be transferred by the Trustee to the Special Tax Fund.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

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

Limitation on Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee 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 said tender of indemnity shall have been made to, the Trustee.

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

Absolute Obligation. Nothing in the Indenture or the Bonds contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Net Special Tax Revenues and other assets in the Indenture pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the District, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or

shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

Trustee

Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party to the Indenture and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of the provisions summarized in this paragraph the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The District may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party to the Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with paragraph (a) above, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the District, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of paragraph (a) above, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture described under this subcaption ("— Qualifications; Removal and Resignation; Successors").

(d) Upon removal or resignation of the Trustee, the District shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in the Indenture as described in paragraph (a) above. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance,

shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in the Indenture set forth. Upon acceptance of appointment by a successor Trustee as provided in this paragraph, the successor Trustee shall, within 15 days after such acceptance, mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to the Owners at the addresses shown on the Registration Books.

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

Liability of Trustee. (a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the District, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the District or others in accordance with the Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

(d) No provision of the Indenture or any other document related to the Indenture shall require the Trustee to risk or advance its own funds,

(e) The Trustee may execute any of its powers or duties under the Indenture through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

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

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under the provisions of the Indenture summarized under the captions "Events of Default and Remedies" or "Trustee" or upon the direction of the Owners, the Trustee may require

indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

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

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it under the Indenture if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of the duties imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(c) The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

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

The Trustee shall deliver to the District a monthly accounting of the funds and accounts it holds under the Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the District, the Owners and their agents and representatives duly authorized in writing.

Compensation and Indemnification. The District shall pay to the Trustee from time to time from Special Tax Revenues all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture. The District shall, to the extent permitted by law, from Special Tax Revenues, indemnify and save the Trustee harmless against any costs, claims, expenses and liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture (including reasonable legal fees and expenses of counsel retained by the Trustee in connection with the performance of its duties under the Indenture), including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the District to indemnify the Trustee shall survive the resignation or removal of the Trustee and the termination and discharge of the Indenture.

Supplemental Indentures

Supplemental Indentures. (a) The Indenture and the rights and obligations of the District, the Trustee and the Owners under the Indenture may be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture relating to disqualified bonds. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, the Indenture, except as expressly provided in the Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend the provisions of the Indenture summarized under this subcaption (“— Supplemental Indentures”) without the prior written consent of the Owners of all Bonds then Outstanding.

(b) The Indenture and the rights and obligations of the District, the Trustee and the Owners under the Indenture may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture, provided that

such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture summarized under the caption “Additional Bonds;”

(iv) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture.

(c) Promptly after the execution by the District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the District), by first-class mail, postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture summarized under the caption “Supplemental Indentures,” the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to the provisions of the Indenture summarized under the caption “Supplemental Indentures” may and, if the District so determines, shall bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the District and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner’s Bond so surrendered.

Amendment of Particular Bonds. The provisions of the Indenture as described under the caption “Supplemental Indentures” shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Defeasance

Discharge of Indenture. (a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at

the times and in the manner stipulated therein, then the Owners shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the District under the Indenture shall thereupon cease, terminate and become void and the Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of paragraph (a) above, when any Bond shall have been paid and if, at the time of such payment, the District shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the District under the Indenture shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the provisions of the Indenture summarized under the subcaption “— Discharge of Indenture” above. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the Indenture summarized under the subcaption “— Discharge of Indenture” if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the District shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the Indenture, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the provisions of the Indenture, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the District shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Indenture summarized under this subcaption (“— Bonds Deemed To Have Been Paid”) and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of paragraph (a) above unless the District shall have caused to be delivered to the District and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the District and the Trustee, in form and in substance acceptable to the District and the Trustee, (ii) a copy of the escrow agreement entered into in

connection with the deposit pursuant to clause (ii)(B) of paragraph (a) above resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the District and the Trustee and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the District and the Trustee, in form and in substance acceptable to the District and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, the Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the District under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

Unclaimed Moneys. Subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bond which remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the District for the payment of such principal, premium or interest.

Miscellaneous

Limitation of Rights. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the District and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the District and the Owners of the Bonds.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the District if made in the manner provided in the provisions of the Indenture summarized under this subcaption (“—Evidence of Rights of Owners”).

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in

respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the District shall specify in a certificate to the Trustee those Bonds disqualified pursuant to the provisions summarized in this paragraph and the Trustee may conclusively rely on such certificate.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture relating to unclaimed moneys, but without any liability for interest thereon.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations under the Indenture.

Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture and, unless otherwise specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

Waiver of Personal Liability. No member, officer, agent or employee of the District or the County shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing in the Indenture contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by the Indenture.

Conflict with Act. In the event of any conflict between any provision of the Indenture and any provision of the Act, the provision of the Act shall prevail over the provision of the Indenture.

Conclusive Evidence of Regularity. Bonds issued pursuant to the Indenture shall constitute evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Governing Laws. The Indenture shall be governed by and construed in accordance with the laws of the State.

Provisions Relating to the Insured 2024 Bonds and the Insurer

Defeasance of Insured 2024 Bonds. The investments in the defeasance escrow relating to Insured 2024 Bonds will be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least three (3) Business Days prior to any defeasance with respect to the Insured 2024 Bonds, the District will deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured 2024 Bonds, a verification report (a “Verification Report”) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report will be addressed to BAM and will be in form and substance satisfactory to BAM. In addition, the escrow agreement will provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement will require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured 2024 Bonds is excludable) from gross income of the holders of the Insured 2024 Bonds of the interest on the Insured 2024 Bonds for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(b) The District will not exercise any prior optional redemption of Insured 2024 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there will be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The District will not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

BAM Rights Related to the Trustee.

(a) BAM will receive prior written notice of any name change of the Trustee for the Insured 2024 Bonds or the resignation or removal of the Trustee. Any Trustee for the Insured 2024 Bonds must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.

(b) No removal, resignation or termination of the Trustee for the Insured 2024 Bonds will take effect until a successor, meeting the requirements above or acceptable to BAM, will be qualified and appointed.

BAM Rights Related to Amendments or Supplements of the Indenture. BAM’s prior written consent is required for all amendments and supplements to the Indenture, with the exceptions noted below. The District will send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured 2024 Bonds.

(a) Consent of BAM. Any amendments or supplements to the Indenture will require the prior written consent of BAM with the exception of amendments or supplements:

(i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

(ii) To grant or confer upon the holders of the Insured 2024 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured 2024 Bonds, or

(iii) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Insured 2024 Bonds other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the District in the Indenture other covenants and agreements thereafter to be observed by the District or to surrender any right or power therein reserved to or conferred upon the District.

(v) To issue Additional Bonds in accordance with the requirements set forth in the Indenture (unless otherwise specified herein).

(b) Consent of BAM in Addition to Insured 2024 Bondholder Consent. Whenever the Indenture requires the consent of holders of Insured 2024 Bonds, BAM's consent will also be required. In addition, any amendment, supplement, modification to, or waiver of, the Indenture that adversely affects the rights or interests of BAM will be subject to the prior written consent of BAM.

(c) Insolvency. Any reorganization or liquidation plan with respect to the District must be acceptable to BAM. The Trustee and each owner of the Insured 2024 Bonds hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured 2024 Bonds and agree that BAM may at any time during the continuation of any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured 2024 Bonds delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured 2024 Bonds with respect to the Insured 2024 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(d) Control by BAM Upon Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured 2024 Bonds or the Trustee for the benefit of the holders of the Insured 2024 Bonds under the Indenture. No default or event of default may be waived without BAM's written consent.

(e) BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM will be deemed to be the sole owner of the Insured 2024 Bonds for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) Consent of BAM for acceleration. BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

(g) Grace Period for Payment Defaults. No grace period will be permitted for payment defaults on the Insured 2024 Bonds. No grace period for a covenant default will exceed 30 days without the prior written consent of BAM.

(h) Special Provisions for Insurer Default. If an Insurer Default will occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM will be treated like any other holder of the Insured 2024 Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM will have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) will control. For purposes of this paragraph, “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM will (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality will order the suspension of payments on the Policy or will obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

Additional Payments. The District agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM’s agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture (“Administrative Costs”). For purposes of the foregoing, costs and expenses will include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The District agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the District agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy (“BAM Policy Payment”); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the District, payable to BAM at the Late Payment Rate per annum (collectively, “BAM Reimbursement Amounts”) compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts will be, and the District hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured 2024 Bonds on a parity with debt service due on the Insured 2024 Bonds.

Reserve Fund. The prior written consent of BAM will be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund. Amounts on deposit in the Reserve Fund will be applied solely to the payment of debt service due on the Bonds in accordance with Section 5.05 of the Indenture.

Exercise of Rights by BAM. The rights granted to BAM under the Indenture to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM’s contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured 2024 Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured 2024 Bonds or any other person is required in addition to the consent of BAM.

BAM will be entitled to pay principal or interest on the Insured 2024 Bonds that will become Due for Payment but will be unpaid by reason of Nonpayment by the District (as such terms are defined in the Policy) and any amounts due on the Insured 2024 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not BAM has received a claim upon the Policy.

So long as the Insured 2024 Bonds are outstanding or any amounts are due and payable to BAM, the District will not sell, lease, transfer, encumber or otherwise dispose of the Net Special Tax Revenues or any material portion thereof, except upon obtaining the prior written consent of BAM.

No contract will be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured 2024 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

If an event of default occurs under any agreement pursuant to which any Obligation of the District has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured 2024 Bonds or BAM, as BAM may determine in its sole discretion, then an event of default will be deemed to have occurred under this Indenture for which BAM or the Trustee, at the direction of BAM, will be entitled to exercise all available remedies under the Indenture, at law and in equity. For purposes of the foregoing "Obligation" will mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured 2024 Bonds.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE COMMUNITY FACILITIES DISTRICT

Upon delivery of the 2024 Bonds, the District expects to enter into a Continuing Disclosure Agreement with respect to the 2024 Bonds in substantially the following form:

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of June 1, 2024, is by and between the COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, a community facilities district organized and existing under and by virtue of the laws of the State of California (the “Community Facilities District”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of February 1, 2013, by and between the Community Facilities District and the Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of December 1, 2018, and the Second Supplemental Indenture, dated as of June 1, 2024, each by and between the Community Facilities District and the Trustee (as so amended and supplemented, the “Indenture”), the Community Facilities District has issued its Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Refunding Bonds, Series 2024 (the “Series 2024 Bonds”), in the aggregate principal amount of \$13,375,000; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District and the Trustee for the benefit of the holders and beneficial owners of the Series 2024 Bonds and in order to assist the underwriter of the Series 2024 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“Annual Report” means any Annual Report provided by the Community Facilities District pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Community Facilities District’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

“Community Facilities District” means Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, a community facilities district organized and existing under the laws of the State, and any successor thereto.

“Disclosure Representative” means the County Executive Officer or the Director of Finance of the County of Riverside, or such other person as the Community Facilities District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means (i) debt obligations, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, existing or planned debt obligations, or (iii) guarantee of (i) or (ii) above; but excluding municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

“Indenture” means the Indenture, dated as of February 1, 2013, by and between the Community Facilities District and the Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of December 1, 2018, and the Second Supplemental Indenture, dated as of June 1, 2024, each by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as Trustee, and as it may be amended or supplemented from time to time in accordance with its terms.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the Official Statement, dated May 14, 2024, relating to the Series 2024 Bonds.

“Participating Underwriter” means the original underwriter of the Series 2024 Bonds required to comply with the Rule in connection with the offering of the Series 2024 Bonds.

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

“Trustee” means U.S. Bank Trust Company, National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports.

(a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2024-25 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the

Community Facilities District's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the Annual Report Date, the Community Facilities District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Community Facilities District and the Dissemination Agent to determine if the Community Facilities District is in compliance with the first sentence of this subsection (b).

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

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein;
and

(ii) file a report with the Community Facilities District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Community Facilities District's Annual Report shall contain or incorporate by reference the following:

(a) The Community Facilities District's audited financial statements, if any, 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 Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Series 2024 Bonds Outstanding and the principal amount of Bonds Outstanding as of the September 30 next preceding the Annual Report Date.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement as of the September 30 next preceding the Annual Report Date.

(iii) The aggregate assessed value of all parcels within the Community Facilities District on which the Special Taxes are levied in each property classification under the Rate and Method, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of units in each property classification under the Rate and Method for the then current fiscal year, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories (e.g. "below 3:1", "3:1 to 4:1" etc.).

(iv) The Special Tax delinquency rate for all parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of parcels within the Community Facilities District on which the Special Taxes are levied and which are delinquent in payment of Special Taxes, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of \$5,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category.

(v) The status of foreclosure proceedings for any parcels within the Community Facilities District on which the Special Taxes are levied and a summary of the results of any foreclosure sales as of the September 30 next preceding the Annual Report Date.

(vi) The identity of any property owner representing more than 5% of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date.

(c) In addition to any of the information expressly required to be provided under the preceding paragraphs (a) and (b), the Community Facilities 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.

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 Community Facilities District or related public entities, which have been made available to the public on the MSRB's website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2024 Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar event of the Community Facilities District.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Community Facilities District in a proceeding under the U.S. 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 Community Facilities District, or if such jurisdiction has been assumed by leaving the existing governmental 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 Community Facilities District.

- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Community Facilities District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2024 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2024 Bonds or other material events affecting the tax status of the Series 2024 Bonds.
- (ii) Modifications to rights of holders of the Series 2024 Bonds.
- (iii) Optional, unscheduled or contingent Series 2024 Bond calls.
- (iv) Release, substitution, or sale of property securing repayment of the Series 2024 Bonds.
- (v) Non-payment related defaults.
- (vi) The consummation of a merger, consolidation, or acquisition involving the Community Facilities District or the sale of all or substantially all of the assets of the Community Facilities, 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.

- (vii) Appointment of a successor or additional Trustee or the change of name of a Trustee.
- (viii) Incurrence of a Financial Obligation of the Community Facilities District, if material, or agreement to covenants, events of defaults, remedies, priority rights, or other terms of a Financial Obligation of the Community Facilities District, any of which affect security holders.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) If a Listed Event described in subsection (b) of this Section occurs, the Community Facilities District shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the Community Facilities District determines that the occurrence of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Community Facilities District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notices of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2024 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2024 Bonds. If such termination occurs prior to the final maturity of the Series 2024 Bonds, the Community Facilities District shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Community Facilities District and the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Community Facilities District in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District and the Trustee may amend this Disclosure Agreement

(and the Trustee shall agree to any amendment so requested by the Community Facilities District; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, 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 Series 2024 Bonds, or the 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 Series 2024 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 (i) is approved by Owners of the Series 2024 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2024 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Community Facilities District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Community Facilities District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2024 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2024 Bonds may, take such actions as may be necessary and appropriate, including seeking

mandate or specific performance by court order, to cause the Community Facilities District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Community Facilities 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 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, and which are not due to its negligence or its willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2024 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD) OF THE COUNTY OF
RIVERSIDE

By: _____
County Executive Officer of the County of Riverside

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 05-8 (Scott Road) of the County of Riverside

Name of Bond Issue: Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Refunding Bonds, Series 2024

Date of Issuance: June 6, 2024

NOTICE IS HEREBY GIVEN that Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2024, by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as Trustee. [The Community Facilities District anticipates that the Annual Report will be filed by _____, 20__.]

Dated: _____

U.S. Bank Trust Company, National Association, as
Trustee, on behalf of the Community Facilities
District No. 05-8 (Scott Road) of the County of
Riverside

cc: Community Facilities District No. 05-8
(Scott Road) of the County of Riverside

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2024 Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Community Facilities District, proposes to render its final approving opinion with respect to the 2024 Bonds in substantially the following form:

[Closing Date]

Community Facilities District No. 05-8 (Scott Road)
of the County of Riverside
Riverside, California

Re: *\$13,375,000 Community Facilities District No. 05-8 (Scott Road) of the County of Riverside
Special Refunding Tax Bonds, Series 2024*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the County of Riverside taken in connection with the formation of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the “District”) and the authorization and issuance of the District’s Special Tax Refunding Bonds, Series 2024, in the aggregate principal amount of \$13,375,000 (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), and pursuant to an Indenture, by and between the District and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as Trustee, dated as of February 1, 2013, as supplemented by that certain First Supplement to Indenture, by and between the District and the Trustee, dated as of December 1, 2018, and as supplemented by that certain Second Supplement to Indenture, by and between the District and the Trustee, dated as of June 1, 2024 (collectively, the “Indenture”). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on March 1, 2025, at the rates per annum set forth in the Indenture. The Bonds are registered bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

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

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the

County of Riverside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Special Tax Revenues and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

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

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues for the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

(6) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinion expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies

are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

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APPENDIX F

BOOK-ENTRY AND DTC

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

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

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 3.5 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose

accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, 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, the Trustee, or the District, 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 the District or the Trustee, 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.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

BOUNDARIES — POTENTIAL ANNEXATION AREA

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65/99
COPD
SHEET 1 OF 1 SHEET

BOUNDARIES - POTENTIAL ANNEXATION AREA

COMMUNITY FACILITIES DISTRICT NO. 05-8

(SCOTT ROAD)

OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING POTENTIAL ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE RIVERSIDE COUNTY BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF, HELD ON THE 28TH DAY OF February, 2006, BY ITS RESOLUTION NO. 2006-0173

[Signature]
CLERK OF THE BOARD OF SUPERVISORS

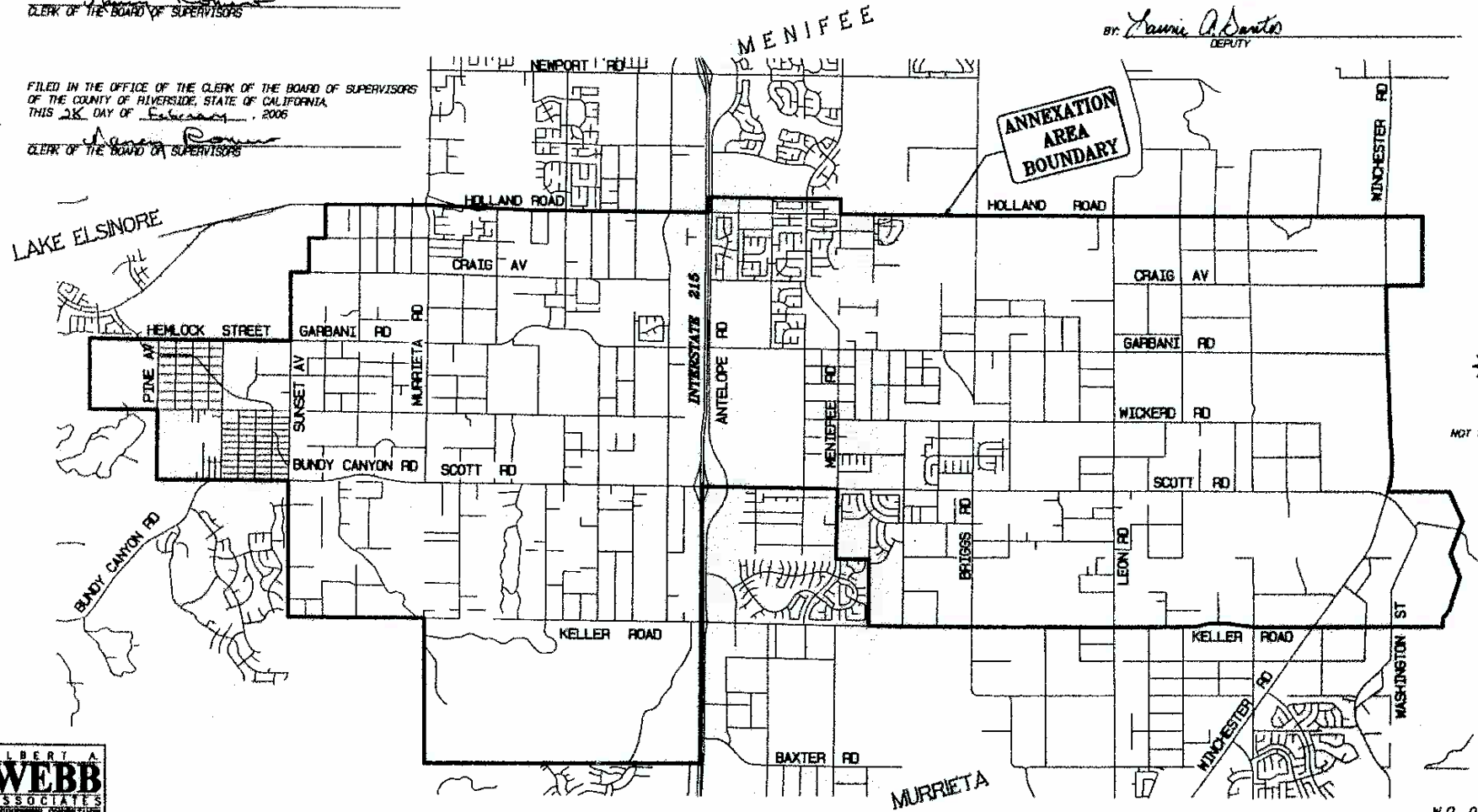
FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THIS 28TH DAY OF February, 2006

[Signature]
CLERK OF THE BOARD OF SUPERVISORS

RECORDED THIS 8TH DAY OF March, 2006 AT THE HOUR OF 2:00 O'CLOCK P.M. IN BOOK 65, PAGES 31, OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: \$7.00 NO: 006-067552
LARRY H. HARR, RIVERSIDE COUNTY ASSESSOR-CLERK-RECORDER

BY: *[Signature]* DEPUTY



ALBERT A. WEBB ASSOCIATES LANDSCAPE ARCHITECTS

N.O. 01-0384

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

