

*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 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 (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.*

**\$4,605,000\***

**COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA)  
OF THE ROMOLAND SCHOOL DISTRICT  
IMPROVEMENT AREA NO. 1  
SERIES 2025 SPECIAL TAX BONDS**

**Dated: Delivery Date**

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

This Official Statement describes bonds that are being issued by Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District (the “District”). The Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District Improvement Area No. 1 Series 2025 Special Tax Bonds (the “Bonds”) are being issued by the District to (i) finance certain school facilities to be owned and operated by the Romoland School District (the “School District”), (ii) finance certain park facilities to be owned and operated by Valley-Wide Recreation and Park District (the “Park District”), (iii) fund a reserve account securing the Bonds, and (iv) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The 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 pursuant to Resolution No. 7-2025/2026 adopted by the Board of Trustees of the School District on behalf of the District on September 9, 2025, and that certain Bond Indenture dated as of October 1, 2025, by and between the District and U.S. Bank Trust Company, National Association, as the Trustee (the “Indenture”).

**The Bonds are secured under the Indenture and are payable from Net Taxes (as defined in this Official Statement) derived from a certain annual Special Tax (as defined in this Official Statement) to be levied on Taxable Property within Improvement Area No. 1 (but not any other Improvement Area in the District) and from certain other funds pledged under the Indenture, all as further described in this Official Statement. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Trustees of the School District and the qualified electors within Improvement Area No. 1. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” herein. Additional Bonds secured on a parity with the Bonds (the “Parity Bonds”) may be issued for refunding purposes only. See “SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds for Refunding Purposes Only.”**

The 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 of the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable commencing March 1, 2026 and semiannually thereafter on each March 1 and September 1. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and APPENDIX H — “BOOK-ENTRY ONLY SYSTEM” herein.

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

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

**THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. 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 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.

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MATURITY SCHEDULE  
(See Inside Cover Page)

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*The 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 School District and the District by Stradling Yocca Carlson & Rauth LLP and for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about October \_\_, 2025.*

**STIFEL**

Dated: September \_\_, 2025

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

## MATURITY SCHEDULE

### COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA) OF THE ROMOLAND SCHOOL DISTRICT IMPROVEMENT AREA NO. 1 SERIES 2025 SPECIAL TAX BONDS

\$ \_\_\_\_ Serial Bonds

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.</i> <sup>†</sup>
	\$	%	%		

\$ \_\_\_\_ % Term Bonds due September 1, 20\_\_, Yield: \_\_\_\_ % Price: \_\_\_\_ CUSIP No.<sup>†</sup> \_\_\_\_

\$ \_\_\_\_ % Term Bonds due September 1, 20\_\_, Yield: \_\_\_\_ % Price: \_\_\_\_ CUSIP No.<sup>†</sup> \_\_\_\_

\$ \_\_\_\_ % Term Bonds due September 1, 20\_\_, Yield: \_\_\_\_ % Price: \_\_\_\_ CUSIP No.<sup>†</sup> \_\_\_\_

\$ \_\_\_\_ % Term Bonds due September 1, 20\_\_, Yield: \_\_\_\_ % Price: \_\_\_\_ CUSIP No.<sup>†</sup> \_\_\_\_

<sup>†</sup> 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© 2025 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. None of the Underwriter or the District or their agents or counsel assume responsibility for the accuracy of such numbers.

**ROMOLAND SCHOOL DISTRICT  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA**

**BOARD OF TRUSTEES**

Cynthia Navarro, President  
Manuel Aguirre, Clerk  
David Sperry, Member  
Christopher Clark, Member  
O'rell Colbert, Member

**SCHOOL DISTRICT STAFF**

Trevor Painton, Superintendent  
Karen Owen, Chief Business Official  
Dr. Michelle Wise, Ph.D., Assistant Superintendent, Educational Services

**BOND COUNSEL, DISTRICT COUNSEL AND DISCLOSURE COUNSEL**

Stradling Yocca Carlson & Rauth LLP  
Newport Beach, California

**MUNICIPAL ADVISOR**

CSG Advisors Incorporated  
San Francisco, California

**SPECIAL TAX CONSULTANT AND DISSEMINATION AGENT**

Koppel & Gruber Public Finance  
San Marcos, California

**TRUSTEE**

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

**APPRAISER**

Stephen G. White, MAI  
Fullerton, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the School District and the District. No dealer, broker, salesperson or other person has been authorized by the School District, 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 Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the School District, 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 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 owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at [www.emma.msrb.org](http://www.emma.msrb.org).

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the School District or the District. The information and expressions of opinion in this Official Statement 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 School District or the District or any other parties described in this Official Statement since the date of this Official Statement. 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 made by this Official Statement to such documents on file with the School District for further information. While the School District maintains an internet website and social media accounts for various purposes, none of the information on that website or social media accounts is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the School District. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SCHOOL DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Except as set forth in the District’s Continuing Disclosure Agreement, a form of which is attached hereto as APPENDIX G, neither the District nor the School 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 BONDS, THE UNDERWRITER MAY OVERALLOT 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 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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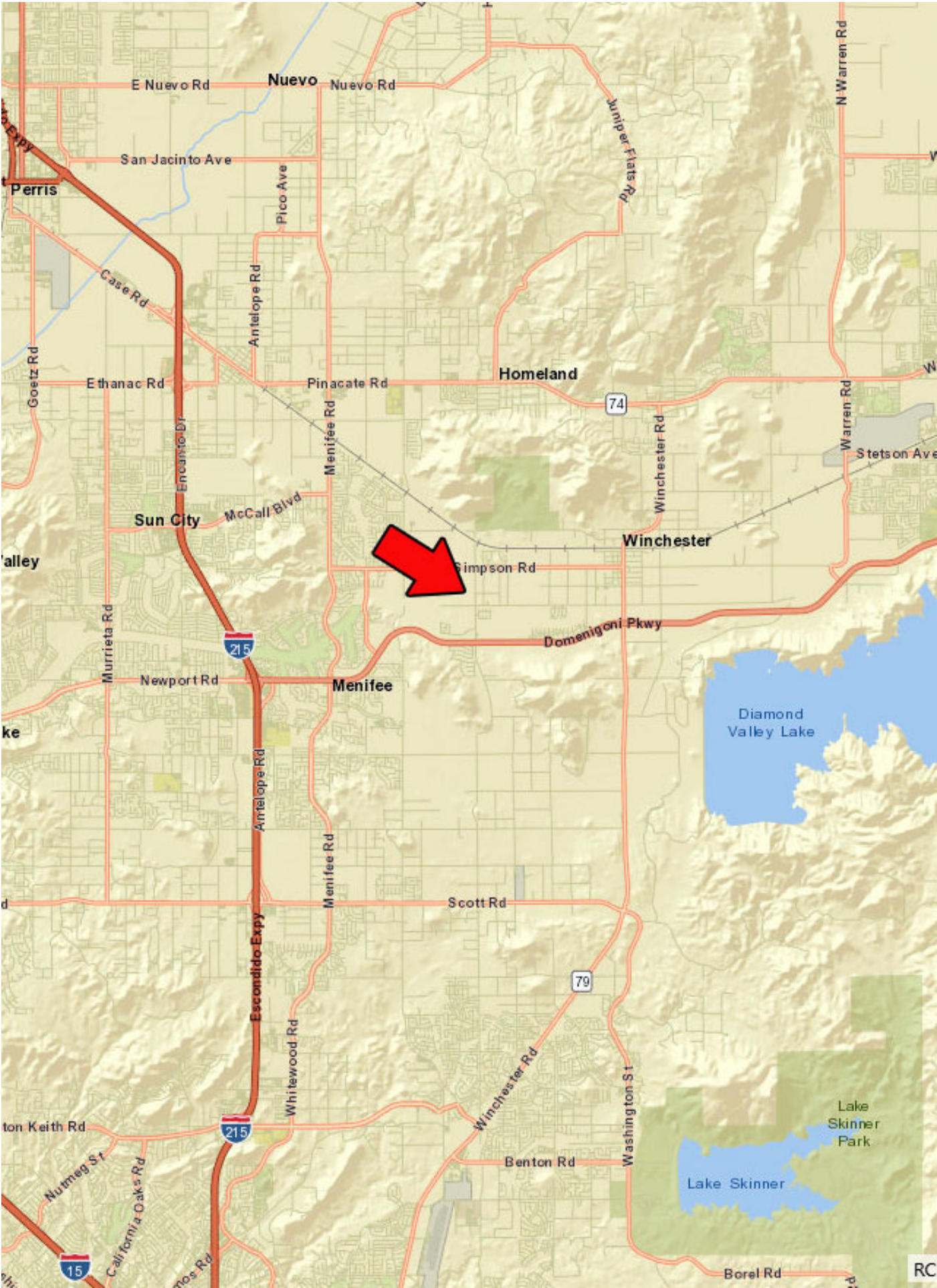
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**COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA)  
IMPROVEMENT AREA NO. 1  
OF ROMOLAND SCHOOL DISTRICT**





**\$4,605,000\***  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA) OF THE**  
**ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**SERIES 2025 SPECIAL TAX BONDS**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, inside cover page, the table of contents and the appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District (the “District”) of its Improvement Area No. 1 Series 2025 Special Tax Bonds in the aggregate principal amount of \$4,605,000\* (the “Bonds”). The proceeds of the Bonds will be used to (i) finance certain school facilities (the “School Facilities”) to be owned and operated by Romoland School District (the “School District”), (ii) finance certain facilities (the “Park Facilities,” and together with the School Facilities, the “Facilities”) to be owned and operated by Valley-Wide Recreation and Park District (the “Park District”), (iii) fund the Reserve Account securing the Bonds, and (iv) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The 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 pursuant to Resolution No. 7~2025/2026 adopted by the Board of Trustees of the Romoland School District (the “School District”) on behalf of the District on September 9, 2025, and that certain Bond Indenture dated as of October 1, 2025 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as the Trustee (the “Trustee”).

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within Improvement Area No. 1 of the District (“Improvement Area No. 1”) and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) as described in the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a bond purchase agreement between the Underwriter and the District. For more complete information, see “THE BONDS — General Provisions” herein.

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 and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds 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 F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — DEFINITIONS” hereto.

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\* Preliminary, subject to change.

## **The District and Improvement Area No. 1**

The District and Improvement Area No. 1 and Improvement Area No. 2 therein were formed on April 18, 2023 and the Bonds are being issued pursuant to the Act and the Indenture. 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 of California (the “State”). Any local agency (as defined in the Act) may establish a community facilities 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 community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, on February 14, 2023 the Board adopted Resolution No. 15~2022-23 (the “Resolution of Intention”), stating its intention to form the District and Improvement Area Nos. 1 and 2 (the “Improvement Areas”) therein and to authorize the levy of a special tax on the taxable property within each Improvement Area and Resolution No. 16~2022-23, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$7,000,000 within Improvement Area No. 1 and \$7,000,000 within Improvement Area No. 2, respectively, for the purpose of financing the purchase, construction, modification, expansion, improvement or rehabilitation of the Facilities.

On April 1, 2023, pursuant to the Resolution of Intention, the Board approved the Impact Mitigation Agreement Related to the District, by and among the School District, the Developer and BRPLD LLC (“BRPLD”), a Delaware limited liability company, dated as of April 1, 2023, and recorded in the office of the County Recorder on May 10, 2023 as Document Nos. 2023-0122313 (the “Mitigation Agreement”).

On November 16, 2024, pursuant to the Resolution of Intention, the Board approved a joint community facilities agreement (the “Joint Community Facilities Agreement”) by and among the School District, the Park District, and D.R. Horton Los Angeles Holding Company, Inc. a California corporation (the “Developer”).

The Mitigation Agreement and the Joint Community Facilities Agreement provide the terms for financing the Facilities through the District. Proceeds of the Bonds will finance the Facilities. Additional bonds secured on a parity with the Bonds may only be issued in the future to refund outstanding Bonds or Parity Bonds (as defined in this Official Statement). See Table 3 herein and “SOURCES OF PAYMENT FOR THE BONDS—Parity Bonds for Refunding Purposes Only.”

Subsequent to a noticed public hearing, the Board adopted Resolution Nos. 18~2022-23 and 19~2022-23 on April 18, 2023 (collectively, the “Resolution of Formation”), which established the District and the Improvement Areas therein, authorized the levy of a special tax (the “Special Tax”) within each Improvement Area, determined the necessity to incur bonded indebtedness within each Improvement Area, and called elections within each Improvement Area on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within each Improvement Area.

On April 18, 2023, elections were held within each Improvement Area, at which the landowners eligible to vote approved (i) indebtedness for Improvement Area No. 1 in an amount not to exceed \$7,000,000, and (ii) indebtedness for Improvement Area No. 2 in an amount not to exceed \$7,000,000. Notices of Special Tax Lien were recorded in the office of the County Recorder on April 28, 2023 as Document Nos. 2023-0122313 and 2023-0122312 for Improvement Area Nos. 1 and 2, respectively. On April 18, 2023, the Board, acting as the legislative body of the District, adopted Ordinance No. 2~2022-23 (the “Ordinance”) which authorizes the levy of a special tax pursuant to the respective Rate and Method of Apportionment of Special Tax for each Improvement Area approved at the April 18, 2023 elections, including the Improvement Area No. 1 Rate and Method of Apportionment (the “Rate and Method”), a copy of which is attached hereto as APPENDIX A.

***The Bonds are secured by Special Taxes levied within Improvement Area No. 1 only. Special Taxes within one Improvement Area of the District are not pledged or available to pay debt service on the bonds of the other Improvement Area of the District.***

Improvement Area No. 1 within the District is located in the unincorporated area of Winchester in Riverside County, north of Domenigoni Parkway and east of the 215 Freeway. The Developer is developing Improvement Area No. 1 within the District into a 210 single family residential unit neighborhood known as Pradera Pointe (“Pradera Pointe”). See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

As of July 15, 2025, the Date of Value of the Appraisal (defined herein), of the 210 residential lots within Improvement Area No. 1, individual homeowners owned 170 completed homes, and the Developer owned 9 completed homes (3 of which were model homes), 21 homes under construction and 10 vacant lots. As of September 1, 2025, an additional four completed homes had been conveyed to individual homeowners, for a total of 174 closings as of such date. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development Plan.”

Based on the development status as of March 1, 2025, 210 of the 210 residential lots within Improvement Area No. 1 are categorized as “Developed Property” for purposes of the Fiscal Year 2025-26 Special Tax levy under the Rate and Method.

### **Forward Looking Statements**

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 a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1,” “PROPERTY OWNERSHIP AND THE DEVELOPMENT” and APPENDIX B — “APPRAISAL REPORT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### **Sources of Payment for the Bonds**

***Special Taxes.*** Under the Indenture, the term “Special Tax” is the Maximum Special Tax described in the Rate and Method which has been authorized to be levied upon certain land within Improvement Area No. 1 pursuant to the Act and in accordance with the Rate and Method. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Under the Indenture, the District has pledged to repay the Bonds and any Parity Bonds from the Special Tax revenues levied within Improvement Area No. 1 remaining after the payment of certain annual Administrative Expenses of the District (the “Net Taxes”) and amounts on deposit in the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture.

Based on the development status as of March 1, 2025, 210 of the 210 residential lots within Improvement Area No. 1 are categorized as “Developed Property” for purposes of the Fiscal Year 2025-26



Special Tax levy under the Rate and Method. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development Plan.”

The principal amount of the Bonds has been established to produce debt service coverage on the Bonds of at least 110% from Net Taxes, from 210 residential lots categorized as Developed Property for purposes of the Fiscal Year 2025-26 Special Tax levy under the Rate and Method (i.e., building permits with respect to such lots had been issued as of March 1, 2025). See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Net Taxes for Improvement Area No. 1 are the primary security for the repayment of the 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 Bonds are certain amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the Reserve Account therein, to the limited extent described in the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund” herein.

***The Bonds are secured by Special Taxes levied within Improvement Area No. 1 only. Special Taxes within one Improvement Area of the District are not pledged or available to pay debt service on the bonds of the other Improvement Area of the District.***

***Foreclosure Proceeds.*** The District will covenant for the benefit of the owners of the Bonds and any Parity Bonds that it will commence, judicial foreclosure proceedings against Assessor’s Parcels with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the fiscal year in which such Special Taxes were due, and it will commence judicial foreclosure proceedings against all Assessor’s Parcels with delinquent Special Taxes by the October 1 following the close of any fiscal year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement. The District will further covenant that it will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*” herein and APPENDIX F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants — *Commence Foreclosure Proceedings.*” There is no assurance that the property within Improvement Area No. 1 can be sold for the appraised value described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current landowners or future landowners within Improvement Area No. 1. See “SPECIAL RISK FACTORS — Property Values” and APPENDIX B — “APPRAISAL REPORT” herein.

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

***Parity Bonds and Liens.*** Under the terms of the Indenture, the District may only issue additional bonds secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) to refund outstanding Bonds or Parity Bonds. See “SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds for Refunding Purposes Only.” Parity Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of any Bondowners. See APPENDIX F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within Improvement Area

No. 1 which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See “SPECIAL RISK FACTORS — Parity Taxes, Special Assessments and Land Development Costs” herein.

### **Appraisal Report**

An MAI appraisal of the taxable land and existing improvements within Improvement Area No. 1 was prepared by Stephen G. White, MAI, Fullerton, California (the “Appraiser”). The appraisal is dated August 1, 2025, and entitled “Appraisal Report Covering Community Facilities District No. 2023-1, Improvement Area No. 1 (La Pradera) of the Romoland School District” (the “Appraisal Report”). See APPENDIX B — “APPRAISAL REPORT.” The Appraisal Report provides an estimate of the approximate market value of the property in Improvement Area No. 1 of the District subject to the levy of Special Taxes, assuming that development of the property as currently planned will consist of 210 residential units. Based on the extraordinary assumptions, assumptions and limiting conditions in the Appraisal Report, the Appraiser concluded that the market value of all of the taxable parcels within Improvement Area No. 1 subject to the Special Tax was \$98,245,000 as of July 15, 2025 (the “Date of Value”).

The Appraisal Report is based upon a variety of extraordinary assumptions, assumptions and limiting conditions that are described in APPENDIX B. The School District and the District make no representation as to the accuracy of the Appraisal Report. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1 — Appraisal Report” and “— Estimated Value-to-Lien Ratios.” There is no assurance that the property within Improvement Area No. 1 can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the landowner. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1, “SPECIAL RISK FACTORS — Property Values” and APPENDIX B — “APPRAISAL REPORT” herein.

### **Price Point Study**

In connection with the issuance of the Bonds, the School District hired Empire Economics, Inc., Capistrano Beach, California (the “Price Point Consultant”), to prepare a price point study of the prices of the homes planned within Improvement Area No. 1 within the District (the “Price Point Study”) dated August 1, 2025. Pursuant to Section 10 of the Rate and Method, prior to the issuance of the Bonds, the District shall cause a price point study to be delivered to the CFD Administrator (as defined in the Rate and Method) and the CFD Administrator shall calculate the total effective tax rate for each plan type within Improvement Area No. 1 and shall determine whether or not the total effective tax rate for all plan types in a land use class is less than or equal to 1.95%. Based on the Price Point Study provided by the Price Point Consultant and pursuant to the Rate and Method, no reductions to the Assigned Special Taxes and Backup Special Taxes are necessary to reduce the total effective tax rate for all plan types in a land use class to less than or equal to 1.95%. A copy of the Price Point Study is included as APPENDIX C to this Official Statement. See “SOURCES OF PAYMENT FOR THE BONDS — Limited Obligations — *Rate and Method of Apportionment of Special Tax*.”

### **Description of the Bonds**

The 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 Bonds (the “Beneficial Owners”) in the denominations of \$5,000 or any integral multiple 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 Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM.”

Principal of, premium, if any, and interest on the 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. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption, extraordinary redemption from Special Tax prepayments and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS — Redemption.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

## **Tax Matters**

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 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 (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

Set forth in APPENDIX D is the form of opinion Bond Counsel is expected to deliver in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, including certain exemptions to the tax treatment of interest, see “TAX MATTERS” herein.

## **Professionals Involved in the Offering**

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture. 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. Certain legal matters will be passed on for the District and the School District by Stradling Yocca Carlson & Rauth LLP and for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. Other professional services have been performed by Stephen G. White, MAI, Fullerton, California, as the Appraiser, CSG Advisors Incorporated, San Francisco, California, as municipal advisor to the School District and Koppel & Gruber Public Finance, Inc., San Marcos, California, as Special Tax Consultant (the “Special Tax Consultant”) and initial dissemination agent under the Continuing Disclosure Agreement, dated as of October 1, 2025, by and between the Special Tax Consultant and the District (the “District Continuing Disclosure Agreement”).

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see “FINANCIAL INTERESTS” herein.

## **Continuing Disclosure**

The District will agree to provide, or cause to be provided, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board (the “MSRB”), which can be found at [www.emma.msrb.org](http://www.emma.msrb.org) (“EMMA”), certain financial information and operating data. The District will further agree to provide notice to EMMA of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (“Rule 15c2-12”) adopted by the Securities and Exchange Commission (the “SEC”). See “CONTINUING DISCLOSURE” and APPENDIX G — “FORM OF DISTRICT



CONTINUING DISCLOSURE AGREEMENT” herein for a form of the District Continuing Disclosure Agreement. See “CONTINUING DISCLOSURE” for a description of compliance by the District and other community facilities districts formed by the School District with continuing disclosure undertakings under Rule 15c2-12 within the last five years.

The Underwriter does not consider the Developer to be an “obligated person” with respect to the Bonds for purposes of Rule 15c2-12.

### **Bondowners’ Risks**

Certain events could affect the ability of the District to pay the principal of and interest on the 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 Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves risks, and the Bonds may not be appropriate investments for some types of investors. 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 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 Bonds and the constitution and laws of the State as well as the proceedings of the School District, 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 Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture, the Appraisal Report, and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the School District at 25900 Leon Road, Homeland, California 92548, Attention: Superintendent.

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## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

### Sources of Funds:

Principal Amount of Bonds	\$
Less: Underwriter's Discount	
[Plus/Less]: [Net] Original Issue [Premium/Discount]	
Plus: Funds on Hand	
Total Sources	\$_____

### Uses of Funds:

Project Account of the Acquisition and Construction Fund <sup>(1)</sup>	\$
Costs of Issuance Account of the Acquisition and Construction Fund <sup>(2)</sup>	
Reserve Account of the Special Tax Fund <sup>(3)</sup>	
Total Uses	\$_____

<sup>(1)</sup> Includes \$\_\_\_\_\_ to be deposited into the School Facilities Subaccount of the Project Account and \$\_\_\_\_\_ to be deposited to the Park District Subaccount of the Project Account.

<sup>(2)</sup> Includes Bond Counsel fees, Special Tax Consultant fees, Municipal Advisor fees, Trustee fees, Appraiser fees, Price Point Consultant fees, printing costs and other issuance costs.

<sup>(3)</sup> Equal to the Reserve Requirement.

Source: The Underwriter.

## THE BONDS

### General Provisions

The Bonds will be dated as of 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 March 1, 2026 (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 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Interest will be calculated on the basis of a 360 day year comprised of twelve 30 day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day (the "Record Date") but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the registration books. Pursuant to a written request prior to the Record Date of a Bondowner of at least \$1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to an account in the United States of America designated by the Bondowner in the United States.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California or such other office designated by the Trustee.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX H — "BOOK-ENTRY ONLY SYSTEM."

The Bonds are payable from certain funds pledged under the Indenture. Additional bonds secured on a parity with the Bonds may only be issued under the Indenture to refund outstanding Bonds or Parity Bonds. See "SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds for Refunding Purposes Only."



## Debt Service Schedule

The following table presents the annual debt service on the Bonds (including mandatory sinking fund redemptions), assuming there are no optional or extraordinary redemptions of the Bonds. See “THE BONDS — Redemption” and “SOURCES OF PAYMENT OF THE BONDS.”

<i><b>Bond Year Ending September 1</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total Annual Debt Service</b></i>
2026			
2027			
2028			
2029			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
<b>Total</b>			

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Source: The Underwriter.

## Redemption

**Optional Redemption\*.** The Bonds maturing on or after September 1, 2033 may be redeemed, at the option of the District from any source of funds on any Interest Payment Date on or after September 1, 2032, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption, as follows:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 2032 and March 1, 2033	103%
September 1, 2033 and March 1, 2034	102
September 1, 2034 and March 1, 2035	101
September 1, 2035 and any Interest Payment Date thereafter	100

**Extraordinary Redemption from Special Tax Prepayments.** The Bonds are subject to extraordinary redemption as a whole, or in part in integral multiples of \$5,000 as nearly as practicable on a pro rata basis among maturities, on any Interest Payment Date on and after March 1, 2026, and will be redeemed by the Trustee, from Special Tax Prepayments deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date, as follows:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Any Interest Payment Date through and including March 1, 2033	103%
September 1, 2033 and March 1, 2034	102
September 1, 2034 and March 1, 2035	101
September 1, 2035 and any Interest Payment Date thereafter	100

**Mandatory Sinking Fund Redemption.** The Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

### Term Bonds Maturing September 1, 20\_\_

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Sinking Fund Payments</i>
---	------------------------------

(maturity)

The Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption

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\* Preliminary, subject to change.

shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**Term Bonds Maturing September 1, 20\_\_**

***Sinking Fund Redemption Date***  
***(September 1)***

***Sinking Fund Payments***

\$

(maturity)

The Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**Term Bonds Maturing September 1, 20\_\_**

***Sinking Fund Redemption Date***  
***(September 1)***

***Sinking Fund Payments***

\$

(maturity)

The Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**Term Bonds Maturing September 1, 20\_\_**

***Sinking Fund Redemption Date***  
***(September 1)***

***Sinking Fund Payments***

\$

(maturity)

In the event of a partial optional redemption or extraordinary redemption of the 20\_\_ Term Bonds, 20\_\_ Term Bonds, 20\_\_ Term Bonds or the 20\_\_ Term Bonds, each of the remaining Sinking Fund Payments for 20\_\_ Term Bonds, 20\_\_ Term Bonds, 20\_\_ Term Bonds or the 20\_\_ Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

**Notice of Redemption.** So long as the Bonds are held in book-entry form, the Beneficial Owners will not be mailed any notice of redemption by the Trustee. It is the responsibility of DTC Participants to provide such notice. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM.” The Trustee is obligated to mail, at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first class mail, postage prepaid, to the respective registered owners of the 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 Bonds selected for redemption except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the 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 Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 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 Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received and is not being made.

**Effect of Redemption.** When notice of redemption has been given, and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Account, the Bonds designated for redemption will become due and payable on the date fixed for redemption, and upon presentation and surrender of the Bonds at the place specified in the notice of redemption, the redemption price of the Bonds shall be paid to the Owners thereof, and no interest will accrue on the Bonds called for redemption from and after the redemption date, and the owners of the redeemed Bonds, after the redemption date, and shall have no other rights, except with respect to the payment of the redemption price and accrued interest to the redemption date from the amounts so made available.

**Purchase in lieu of Redemption.** The Bonds may be purchased by the District in lieu or partially in lieu of redemption of Bonds. See APPENDIX F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Redemption Account of the Special Tax Fund.”

## Registration, Transfer and Exchange

**Registration.** The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the 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 Trustee will authenticate and deliver a new Bond or Bonds 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) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

## SOURCES OF PAYMENT FOR THE BONDS

### Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Net Taxes are the primary security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of the annual Administrative Expenses of up to \$25,000 for Fiscal Year 2025-26, increasing by 2% each Fiscal Year each year thereafter (the “Administrative Expenses Cap”) plus Extraordinary Administrative Expenses) and from amounts held in the Special Tax Fund (other than amounts held in the Administrative Expense Account therein) established under the Indenture. “Extraordinary Administrative Expenses” include Administrative Expenses required for extraordinary District events such as foreclosure actions against delinquent taxpayers within Improvement Area No. 1 required to be prosecuted on an expedited basis pursuant to the Indenture, the approval and implementation of actions requiring Bondowner consent under the Indenture, or actual or threatened Bondowner or property owner litigation arising out of the Bonds or the District. Extraordinary Administrative Expenses will be paid from collected Special Taxes prior to the payment of debt service on the Bonds. While the District does not anticipate requiring Extraordinary Administrative Expenses, events such as high delinquencies requiring the District to take foreclosure actions against property owners within Improvement Area No. 1 may require the District to receive Extraordinary Administrative Expenses. See “— Special Taxes” and “SPECIAL RISK FACTORS” for a description of the risks which could affect Special Tax delinquencies within Improvement Area No. 1.

Special Tax revenues include the proceeds of the Special Taxes received by the District, including any scheduled payments and Prepayments thereof and the net proceeds of the redemption of delinquent Special Taxes or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien, and penalties and interest thereon.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee, the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the Reserve Account therein held, for the exclusive benefit of the Owners of the Bonds, and foreclosure proceeds resulting from the sale of delinquent parcels if and when available.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE

SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

## **Special Taxes**

***Authorization and Pledge.*** In accordance with the provisions of the Act, the School District established the District and Improvement Area No. 1 and Improvement Area No. 2 therein on April 18, 2023 for the purpose of financing the acquisition, construction and installation of various public improvements required in connection with the proposed development within the Improvement Areas. Landowner elections were held April 18, 2023 within each Improvement Area of the District, at which the landowners within each respective Improvement Area eligible to vote approved (i) indebtedness in an amount not to exceed \$7,000,000 within Improvement Area No. 1, and (ii) indebtedness for Improvement Area No. 2 in an amount not to exceed \$7,000,000 secured by Special Taxes levied on taxable property within the Improvement Area No. 2 to finance the Facilities. Notices of Special Tax Lien were recorded in the office of the County Recorder on April 28, 2023 as Document Nos. 2023-0122313 and 2023-0122312 for Improvement Area Nos. 1 and 2, respectively. On April 18, 2023, the Board, acting as the legislative body of the District, adopted the Ordinance which authorizes the levy of Special Taxes pursuant to the Rate and Method, a copy of which is attached hereto as APPENDIX A.

The District will covenant in the Indenture that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay (i) the principal of and interest on any Outstanding Bonds and Parity Bonds when due, (ii) the Administrative Expenses, and (iii) any amounts necessary to replenish the Reserve Account to the Reserve Requirement (the “Special Tax Requirement”).

**Special Taxes within one Improvement Area of the District are not pledged or available to pay debt service on the bonds of the other Improvement Area of the District.**

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See “SPECIAL RISK FACTORS — Insufficiency of Special Taxes” herein.

***Rate and Method of Apportionment of Special Tax.*** The District is legally authorized and will covenant to cause the levy of the Special Taxes in an amount determined according to a methodology, *i.e.*, the Rate and Method which the Board and the elector within Improvement Area No. 1 has approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in Improvement Area No. 1 as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method for Improvement Area No. 1, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in APPENDIX A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX A.

“*CFD Administrator*” means an authorized representative of the School District, or designee thereof, responsible for determining the Special Tax Requirement and other actions as specified in the Rate and Method.

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

“*Special Tax Requirement*” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including,



but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities eligible to be financed by Improvement Area No. 1, to the extent that the inclusion of such amount does not increase the Special Tax levy beyond the first step in Section 4 of the Rate and Method; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year or the School District's historical delinquency rate; less (vii) a credit for funds available to reduce the Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

***Taxable Property and Exempt Property.*** All Assessor's Parcels within Improvement Area No. 1 will be classified each fiscal year as Taxable Property or Exempt Property. In addition, each fiscal year, each Assessor's Parcel of Taxable Property will be further classified as Developed Property, Final Map Property, Taxable Property Owner Association Property, Taxable Public Property or Undeveloped Property, as defined below.

***“Developed Property”*** means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property and Taxable Public Property, for which a Building Permit for new construction of one or more Units was issued prior to March 1 of the previous Fiscal Year.

***“Final Map Property”*** means all Assessor's Parcels of Taxable Property that are included in a Final Map, excluding lettered lots thereon and remainder parcels that are subject to further subdivision, that were recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied.

***“Taxable Property”*** means all of the Assessor's Parcels within the boundaries of Improvement Area No. 1 which are not Exempt Property.

***“Taxable Property Owner Association Property”*** means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Sections 4 and 5 of the Rate and Method.

***“Taxable Public Property”*** means all Assessor's Parcels of Public Property that are not exempt pursuant to Sections 4 and 5 of the Rate and Method.

***“Undeveloped Property”*** means, for each Fiscal Year, all Taxable Property within the boundaries of Improvement Area No. 1 not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

***Exempt Property.*** The CFD Administrator shall classify as Exempt Property (i) any Assessor's Parcel owned by the State, Federal or other local government, (ii) each Assessor's Parcel of Property Owner Association Property, (iii) each Assessor's Parcel that is exempt from *ad valorem* property taxes because it is owned by a religious organization and used as a place of worship, and (iv) each Assessor's Parcel burdened with public or utility easements or dedications making impractical its utilization for purposes other than set forth in the easement or dedication; provided that no such classification shall reduce the Net Taxable Acreage to less than 17.52 Acres.

In the event the Net Taxable Acreage would be reduced below 17.52 Acres because classification as Exempt Property is being sought for multiple Assessor's Parcels, the CFD Administrator shall have the discretion to determine which of such Assessor's Parcels shall be classified as Exempt Property.

No Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided, however, that if, in any Fiscal Year, applicable law does not require that Lower Income Household Welfare Exemption Property be exempt from some portion, or all, of the Special Tax, such portion, or all, of the Special Tax shall be levied on such property in accordance with this Rate and Method based on the Land Use Class to which the Assessor's Parcel is assigned.

If the use or ownership of an Assessor's Parcel of Exempt Property changes, such that the Assessor's Parcel no longer qualifies for classification as Exempt Property pursuant to Section 5 of the Rate and Method, or, based on the changed use, would not have initially qualified for classification as Exempt Property pursuant to Section 5 of the Rate and Method, such Assessor's Parcel shall cease to be classified as Exempt Property and shall thereafter be deemed to be Taxable Property.

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

**Developed Property.** The Maximum Special Tax applicable to an Assessor's Parcel classified as Developed Property will be the greater of (i) the Assigned Special Tax determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax for such Assessor's Parcel.

**Assigned Special Tax.** Pursuant to the Rate and Method of Apportionment, the Assigned Special Tax for Developed Property and the Maximum Special Tax for Final Map Property in Improvement Area No. 1 will be calculated using the Fiscal Year 2025-26 Special Tax rates shown in Table 1 below.

**Table 1**  
**Fiscal Year 2025-26 Assigned Special Taxes for Developed Property and Final Map Property**

<i>Land Use Class</i>	<i>Description</i>	<i>Residential Floor Area</i>	<i>Assigned Special Tax</i>	
1	Residential Property	2,300 Sq. Ft. or greater	\$1,536.66	per Unit
2	Residential Property	2,000 – 2,299 Sq. Ft.	1,435.74	per Unit
3	Residential Property	1,700 – 1,999 Sq. Ft.	1,341.06	per Unit
4	Residential Property	1,400 – 1,699 Sq. Ft.	1,262.00	per Unit
5	Residential Property	1,200 – 1,399 Sq. Ft.	1,237.02	per Unit
6	Residential Property	Less than 1,200 Sq. Ft.	1,162.12	per Unit
7	Non-Residential Property	Not Applicable	16,523.62	per Acre <sup>(1)</sup>
N/A	Final Map Property	Not Applicable	1,378.52	per Lot <sup>(2)</sup>

(1) This represents the Maximum Special Tax on a per acre basis. There is no Non-Residential Property within Improvement Area No. 1.

(2) This represents the Maximum Special Tax on a per Lot basis.

**Backup Special Tax.** The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Map shall be computed by dividing the aggregate Backup Special Tax attributable to all Assessor's Parcels of Taxable Property for which Building Permits for residential construction have or may be issued, as further described in the Rate and Method of Apportionment, by the number of Assessor's Parcels (i.e., the number of residential lots). Application of the Backup Special Tax formula results in a Fiscal Year 2025-26 Backup Special Tax equal to \$1,450.91 per Lot within Improvement Area No. 1.

On each July 1, the Assigned Special Tax and the Backup Special Tax for Developed Property, and the Maximum Special Tax for Final Map Property, have been and will continue to be increased by an amount equal to 2% of the amount in effect for the previous Fiscal Year.

**"Residential Floor Area"** means the square footage of "assessable space," as defined in Government Code Section 65995 as amended from time to time, of a Unit. At the time of formation of Improvement Area No. 1, Section 65995 defines assessable space as all of the square footage within the perimeter of a residential structure, not including any carport, covered or uncovered walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area. The assessable space of a Unit shall be determined by reference to the Building Permit(s) for such Unit and/or other information as may demonstrate that the assessable space is specified incorrectly on the Building Permit(s).

*Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property.* For Fiscal Year 2025-26, the Maximum Special Tax rate for an Assessor's Parcel classified as Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property is \$16,523.62 per Acre. On each July 1, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property has been and will continue to be increased by an amount equal to 2% of the amount in effect for the previous Fiscal Year.

***Method of Apportionment of Special Tax.*** For each Fiscal Year, the Board will determine the Special Tax Requirement and will levy the Special Tax each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies 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 Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax on each Assessor's Parcel of Developed Property, for which the Maximum Special Tax is determined through the application of the Backup Special Tax, shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and each Assessor's Parcel of Taxable Public Property at up to the Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property.

**Notwithstanding the above, pursuant to Section 53321(d)(3) of the Act, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) within Improvement Area No. 1 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of Non-Residential Property shall continue to increase in equal percentages at up to 100% of the Maximum Special Tax.**

***Prepayment of Annual Special Taxes.*** The Annual Special Tax obligation for an Assessor's Parcel may be prepaid in full, or in part, provided that the terms set forth under the Rate and Method are satisfied. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium, plus the Future Facilities Amount, plus the Defeasance Amount, plus the Present Value of Residual Special Taxes, plus Administrative Fees and Expenses, less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any) and less capitalized interest (if any), all as specified in APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX — Section 8."

***Estimated Debt Service Coverage.*** The Bonds have been sized to produce debt service coverage on the Bonds of at least 110% from Net Taxes, from 210 residential lots categorized as Developed Property for purposes of the Fiscal Year 2025-26 Special Tax levy under the Rate and Method (i.e., building permits with respect to

such lots had been issued as of March 1, 2025). See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development Plan” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Such debt service coverage does not include Extraordinary Administrative Expenses, which are payable prior to debt service on the Bonds. “Extraordinary Administrative Expenses” include Administrative Expenses required for extraordinary District events such as foreclosure actions against delinquent taxpayers within Improvement Area No. 1 required to be prosecuted on an expedited basis pursuant to the Indenture, the approval and implementation of actions requiring Bondowner consent under the Indenture, or actual or threatened Bondowner or property owner litigation arising out of the Bonds or the District. Extraordinary Administrative Expenses will be paid from collected Special Taxes prior to the payment of debt service on the Bonds. While the District does not anticipate requiring Extraordinary Administrative Expenses, events such as high delinquencies requiring the District to take foreclosure actions against property owners within Improvement Area No. 1 may require the District to receive Extraordinary Administrative Expenses. See “SPECIAL RISK FACTORS” for a description of the risks which could affect Special Tax delinquencies within Improvement Area No. 1. The District may levy up to the Maximum Special Tax rates on Taxable Property within Improvement Area No. 1. See “— Special Taxes — *Exempt Property*” and “— Special Taxes — *Maximum Special Tax, Assigned Annual Special Tax and Backup Special Tax*” herein.

Pursuant to the Rate and Method, the status of Developed Property is based on building permits issued as of March 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied. As of March 1, 2025, 210 building permits had been issued for single family residential units within Improvement Area No. 1 and will be levied as Developed Property at the Assigned Special Tax rates in Fiscal Year 2025-26. As of September 1, 2025, individual homeowners owned 174 completed residential units within Improvement Area No. 1, and the Developer owned three completed model homes, 9 completed production homes, 14 homes in various stages of construction, and 10 finished lots without any vertical home construction thereon. As of September 1, 2025, 8 homes were in escrow to individual homebuyers. Homes under contract may not result in closed escrows as sales contracts are subject to cancellation. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development Plan.”

**Collection of Special Taxes and Flow of Funds.** The Special Taxes will be levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. When the County apportions Special Taxes to the District, the District will transmit the Special Taxes to the Trustee for deposit in the Special Tax Fund established by the Indenture. The Trustee is required to disburse moneys in the Special Tax Fund first to the Administrative Expense Account of the Special Tax Fund in an amount necessary to pay the Administrative Expenses, not to exceed the Administrative Expenses Cap (plus Extraordinary Administrative Expenses in the event there are any Extraordinary Administrative Expenses), which is \$25,000 for Fiscal Year 2025-26, escalating 2% each fiscal year beginning in Fiscal Year 2026-27. Additionally, on the dates specified in the Indenture and if there are sufficient amounts available in the Special Tax Fund for such purposes, the Trustee shall make the following transfers in the priority described below:

- First: To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due;
- Second: To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, shall equal the principal payment of the Bonds and any Parity Bonds due on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be

used for the payment of the principal of the Bonds and any Parity Bonds as the same become due at maturity;

- Third: To the Redemption Account, an amount sufficient to pay the principal of and interest on and any premiums payable on Bonds or any Parity Bonds called for mandatory redemption from Sinking Fund Payments;
- Fourth: To the Redemption Account, an amount sufficient to pay the principal of and interest on and any premiums payable on Bonds or any Parity Bonds called for optional redemption;
- Fifth: To the Reserve Account of the Special Tax Fund to the extent necessary to replenish the Reserve Account to the Reserve Requirement;
- Sixth: To the Administrative Expense Account of the Special Tax Fund the amount of any Administrative Expenses for the current Bond Year in excess of the Administrative Expenses Cap as directed by an Authorized Representative of the District;
- Seventh: To the Rebate Fund established by the Indenture to the extent directed by an Authorized Representative of the District; and
- Eighth: To the Surplus Fund established by the Indenture after each September 1, all amounts in the Special Tax Fund remaining after making the foregoing transfers unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year.

***Levy and Collection of Special Taxes.*** The District will covenant in the Indenture that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and amounts available to pay the principal of and interest on any Outstanding Bonds and any Parity Bonds, to replenish the Reserve Account to the Reserve Requirement and to pay Administrative Expenses.

The District will make certain covenants in the Indenture which are intended to ensure that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds and any Parity Bonds and Administrative Expenses when due. First, the District will covenant that, to the maximum extent the law permits it to do so, the District will not initiate proceedings to reduce the maximum Special Tax rates for Improvement Area No. 1, except as provided in the Indenture with respect to a modification, alteration, or amendment of the Rate and Method in connection with which the Trustee receives a certificate of an independent financial consultant stating that such changes do not reduce the maximum Special Taxes that may be levied in each year on property within Improvement Area No. 1, and that in the event any initiative is adopted by the qualified electors in Improvement Area No. 1 which purports to reduce the maximum Special Tax or to limit the power of the District to levy Special Taxes, it will commence and pursue legal action in order to preserve its ability to comply with such covenants. See "SPECIAL RISK FACTORS — Proposition 218." Second, the District will covenant that it will not adopt any policy pursuant to provisions of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless 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 Bonds and Parity Bonds when due. See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants — *Limitation on Right to Tender Bonds*" herein.

Although the Special Taxes constitute liens on taxable parcels within Improvement Area No. 1, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 1. Moreover, other liens for taxes and assessments already exist on the property located within Improvement Area No. 1 and others could come into existence in the future in certain situations without the consent or knowledge of the School District or the landowners in the District. See “SPECIAL RISK FACTORS — Parity Taxes, Special Assessments and Land Development Costs” herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled “SPECIAL RISK FACTORS.”

The Bonds have been sized to produce debt service coverage on the Bonds of at least 110% from Net Taxes, from 210 residential lots categorized as Developed Property for purposes of the Fiscal Year 2025-26 Special Tax levy under the Rate and Method (i.e., building permits with respect to such lots had been issued as of March 1, 2025). See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development Plan” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The following table presents the annual debt service on the outstanding Bonds (including Sinking Fund Payments), assuming that there are no optional redemptions. The following table also shows the estimated debt service coverage from the Assigned Special Taxes that may be levied on the property within Improvement Area No. 1 categorized as Developed Property, less the Administrative Expenses Cap (as defined herein). See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and “THE BONDS — Redemption.”



**TABLE 2**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA)**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**BOND DEBT SERVICE COVERAGE**

<i>Bond Year Ending September 1</i>	<i>Number of Parcels</i>	<i>Developed Property Special Tax Revenues<sup>(1)</sup></i>	<i>Annual Administrative Expenses<sup>(2)</sup></i>	<i>Net Special Tax Revenues</i>	<i>Bonds Debt Service*</i>	<i>Debt Service Coverage</i>
2026	210	\$289,279	\$25,000	\$264,279	\$238,388	110.86%
2027	210	295,064	25,500	269,564	240,694	112.00
2028	210	300,966	26,010	274,956	245,194	112.14
2029	210	306,985	26,530	280,455	254,444	110.22
2030	210	313,125	27,061	286,064	258,194	110.79
2031	210	319,387	27,602	291,785	261,694	111.50
2032	210	325,775	28,154	297,621	269,944	110.25
2033	210	332,290	28,717	303,573	272,694	111.32
2034	210	338,936	29,291	309,645	280,194	110.51
2035	210	345,715	29,877	315,838	282,194	111.92
2036	210	352,629	30,475	322,154	288,944	111.49
2037	210	359,682	31,084	328,597	295,194	111.32
2038	210	366,875	31,706	335,169	300,944	111.37
2039	210	374,213	32,340	341,873	306,194	111.65
2040	210	381,697	32,987	348,710	315,944	110.37
2041	210	389,331	33,647	355,684	319,944	111.17
2042	210	397,118	34,320	362,798	328,444	110.46
2043	210	405,060	35,006	370,054	336,194	110.07
2044	210	413,161	35,706	377,455	338,194	111.61
2045	210	421,424	36,420	385,004	349,694	110.10
2046	210	429,853	37,149	392,704	355,194	110.56
2047	210	438,450	37,892	400,558	359,944	111.28
2048	210	447,219	38,649	408,569	368,944	110.74
2049	210	456,163	39,422	416,741	376,944	110.56
2050	210	465,287	40,211	425,076	383,944	110.71
2051	210	474,592	41,015	433,577	389,944	111.19
2052	210	484,084	41,835	442,249	399,569	110.68
2053	210	493,766	42,672	451,094	407,913	110.59
2054	210	503,641	43,526	460,116	414,975	110.88
2055	210	513,714	44,396	469,318	425,756	110.23

\* Preliminary, subject to change.

(1) The Special Tax shall be levied for a term of 33 fiscal years after the issuance of the last series of bonds, provided that the Special Tax shall not be levied after Fiscal Year 2073-74. Special Taxes shall be increased by an amount equal to 2% each Fiscal Year.

(2) Administrative Expenses increased by 2% each Fiscal Year, commencing Fiscal Year 2026-27.

Source: Koppel & Gruber Public Finance.

***Special Taxes Are Not Within Teeter Plan.*** The Special Taxes are not encompassed within the alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code (Section 4701 *et seq.*), commonly referred to as the “Teeter Plan.” The County has adopted a Teeter Plan under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies with the County on the basis of the tax levy, rather than

\* Preliminary, subject to change.

on the basis of actual tax collections. However, by policy, the County does not include special taxes, assessments, or reassessments in its Teeter Plan. The Special Taxes of the District are not included in the County's Teeter Plan.

***Proceeds of Foreclosure Sales.*** The net proceeds received following a judicial foreclosure sale of parcels of Taxable Property within Improvement Area No. 1 resulting from a landowner's failure to pay the Special Taxes when due are included within the Net Tax revenues pledged to the payment of principal of 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 Trustees, 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 for the benefit of the owners of the Bonds in the Indenture that it will commence judicial foreclosure proceedings against (i) parcels with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due; and (ii) all properties with delinquent Special Taxes by the October 1 following the close of any fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied in the District and the amount in the Reserve Account is less than the Reserve Requirement. The District will further covenant that it will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid. See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — COVENANTS AND WARRANTY" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the 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 School District and the District. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure" 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" 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 School District 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.

### **Reserve Account of the Special Tax Fund**

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in a Reserve Account and thereafter to maintain in such Reserve Account, an amount equal to the Reserve Requirement for the District. The Indenture provides that the amount in the Reserve Account shall, as of any date of calculation, equal the least of (i) 10% of the initial principal amount of the Outstanding Bonds and any Parity Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and any Parity Bonds; or (iii) 125% of average annual debt service on the then Outstanding Bonds and any Parity Bonds; provided, however, that the amount in the Reserve Account shall not increase based on the above calculation unless Parity Bonds are issued. The Trustee will deposit \$\_\_\_\_\_ in the Reserve Account in connection with the issuance of the Bonds which will equal the Reserve Requirement.

Subject to the limits on the maximum annual Special Tax which may be levied within Improvement Area No. 1, as described in APPENDIX A, the District will covenant to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance

in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds, to the extent other moneys are not available therefor; (ii) redeem the Bonds in whole or in part; and (iii) pay the principal and interest due in the final year of maturity of the Bonds. See APPENDIX F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Reserve Account of the Special Tax Fund” herein.

### **Surplus Fund**

After making the transfers to the Administrative Expense Account, Interest Account, Principal Account, Redemption Account and Reserve Account of the Special Tax Fund, and to the Rebate Fund as required by the Indenture, as soon as practicable after each September 1, and in any event prior to each April 1, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture.

Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) after all Project Costs have been paid, for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or any Parity Bonds and may be used by the District for any lawful purpose.

### **Parity Bonds for Refunding Purposes Only**

Subject to the limitations set forth in the Indenture, the District may, at any time after the issuance and delivery of the Bonds, and without the consent of the Bondowners, issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued. Parity Bonds may only be issued to refund outstanding Bonds or Parity Bonds so long as such refunding results in a reduction of Annual Debt Service.

## **THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1**

### **General Description of the District and Improvement Area No. 1**

The District and Improvement Area No. 1 were formed in 2023 by the Board under the Act to provide for the financing of public improvements to meet the needs of the development within the District. Improvement Area No. 1 is located in the unincorporated area of Winchester in Riverside County, north of Domenigoni Parkway and east of the 215 Freeway. The Developer is developing Improvement Area No. 1 within the District into a 210 single family residential unit neighborhood known as Pradera Pointe. The Developer is developing Improvement Area No. 2 within the District into a 210 single family residential unit neighborhood known as Pradera Place. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

As of July 15, 2025, of the 210 residential lots within Improvement Area No. 1, individual homeowners owned 170 completed homes, and the Developer owned 9 completed homes (3 of which were model homes), 21

homes under construction and 10 vacant lots. As of September 1, 2025, individual homeowners owned 174 completed residential units within Improvement Area No. 1, and the Developer owned three completed model homes, 9 completed production homes, 14 homes in various stages of construction, and 10 finished lots without any vertical home construction thereon. As of September 1, 2025, 8 homes were in escrow to individual homebuyers. Homes under contract may not result in closed escrows as sales contracts are subject to cancellation. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development Plan” Additionally, a detailed description of the status of the construction and ownership as of the Date of Value of the Appraisal Report is included in APPENDIX B — “APPRAISAL REPORT.”

Water and sewer service to the property within Improvement Area No. 1 is supplied by Eastern Municipal Water District. Electricity is supplied by Southern California Edison and gas is supplied by Southern California Gas Company.

Although, like all of Southern California, the land within Improvement Area No. 1 is subject to seismic activity, it is not located in State of California Earthquake Fault Hazard Zone. However, the land in Improvement Area No. 1 is located approximately 10 miles from the San Jacinto Fault Zone, which is a State of California Alquist-Priolo Earthquake Fault Zones. See “SPECIAL RISK FACTORS — Natural Disasters.”

The Federal Emergency Management Agency has determined that the District is located in a Zone “X” flood area (an area of minimal flooding, outside the 100-year and 500-year flood plains), and flood insurance will not be required. See “SPECIAL RISK FACTORS — Natural Disasters.”

Per the County of Riverside, the Pradera Pointe community is not located within a Very High Fire Hazard Severity zone. This is consistent with the CalFire Fire Hazard Severity Zone map. See “SPECIAL RISK FACTORS — Fire Hazard.”

**Description of Authorized Facilities**

The Facilities authorized to be constructed or acquired by the District with the proceeds of the Bonds consist of (i) school facilities to be owned and operated by the School District, and (ii) park facilities to be owned and operated by the Park District. The estimated cost of the Facilities that are expected to be financed with proceeds of the Bonds, is set forth in Table 3 below. To the extent that the cost of the Facilities exceed available proceeds of the Bonds, such costs are expected to be paid for by the Developer.

**TABLE 3  
FACILITIES EXPECTED TO BE FINANCED  
WITH BOND PROCEEDS**

<i>Facility Description</i>	<i>Estimated Amount</i>
School Facilities	\$ 2,340,111
Park Facilities	<u>1,493,489</u>
Total Facilities	\$ 3,833,600

Source: Developer.

**Delinquency History**

Table 4 summarizes the Special Tax delinquencies for property within the boundaries of Improvement Area No. 1 beginning with Fiscal Year 2024-25, which was the first year in which the Special Taxes were levied. Special Taxes have only been levied on Developed Property. Future delinquencies could increase as a result of factors such as changes in the local or national economy, increases in the mortgage rates and/or increases in the unemployment rate in the area. See “SPECIAL RISK FACTORS — Special Tax Delinquencies.”

**TABLE 4**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**SPECIAL TAX LEVY AND DELINQUENCY HISTORY**

<i>Fiscal Year</i>	<i>Total Levy</i>	<i>Number of Parcels Levied</i>	<i>Number of Delinquent Parcels</i>	<i>Fiscal Year Amount Delinquent<sup>(1)</sup></i>	<i>Fiscal Year Delinquency Rate<sup>(1)</sup></i>	<i>Amount Collected as of July 14, 2025</i>	<i>Delinquent as of July 14, 2025</i>	<i>Delinquency Rate as of July 14, 2025</i>
2024-25	\$106,562	80	0	\$0	0.00%	\$106,562	\$0	0.00%

<sup>(1)</sup> As of approximately June 30 of the fiscal year to which special taxes were levied.  
Source: Koppel & Gruber Public Finance; Riverside County Treasurer-Tax Collector.

### Direct and Overlapping Indebtedness

The ability of an owner of land within Improvement Area No. 1 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments consist of the direct and overlapping debt in Improvement Area No. 1 are set forth in Table 5 below (the “Debt Report”). The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. See Table 6 for information regarding other entities levying taxes, assessments or other charges on property in Improvement Area No. 1. The Debt Report includes the principal amount of the Bonds. The Debt Report has been derived from data assembled and reported to the District by California Municipal Statistics, Inc., as of July 30, 2025. None of the District, the School District, or the Underwriter have independently verified the information in the Debt Report and do not guarantee its completeness or accuracy. The allocation of total debt outstanding will change as additional development occurs.

**TABLE 5**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**DIRECT AND OVERLAPPING DEBT**

<i>Overlapping District</i>	<i>District Share of Total Debt Outstanding<sup>(1)</sup></i>
Metropolitan Water District <sup>(2)</sup>	\$ 81
Mt. San Jacinto Community College District <sup>(2)</sup>	32,112
Perris Union High School District <sup>(2)</sup>	189,110
Riverside County Community Facilities District No. 03-1 <sup>(2)</sup>	<u>243,960</u>
<b>Total Direct and Overlapping Tax and Assessment Debt:</b>	<b>\$ 465,263</b>
Plus the Bonds*:	<u><b>4,605,000</b></u>
<b>Estimated Share of Direct and Overlapping Debt Allocable to the District:</b>	<u><b>\$ 5,070,263</b></u>

\* Preliminary, subject to change.

<sup>(1)</sup> Based on California Municipal Statistics, Inc. Direct and Overlapping Debt Report dated July 30, 2025. Bonds for the overlapping Improvement Area A of Community Facilities District No. 2022-97 (Pradera Pointe & Pradera Place) of Eastern Municipal Water District have been authorized in an amount not to exceed \$5,000,000 but have not been issued.

<sup>(2)</sup> Includes general obligation bonds for all parcels in CFD 2023-1, IA No. 1 including those parcels classified as exempt.

Source: California Municipal Statistic, Inc.; Koppel & Gruber Public Finance.

As shown in Table 6 below, the projected total effective tax rate for homes conveyed to individual homeowners as of July 15, 2025 is approximately 1.85%.

**TABLE 6**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**FISCAL YEAR 2024-25 SAMPLE TAX BILL**

<i>Valuation and Property Taxes</i>	<i>Percent of Net Appraised Value</i>	<i>Amount</i>
<b>APPRAISED VALUE<sup>(1)</sup></b>		\$ 510,000
<b>NET APPRAISED VALUE<sup>(1)</sup></b>		\$ 503,000
<b><i>AD VALOREM</i> PROPERTY TAXES<sup>(2)</sup></b>		
General Purpose	1.00000%	\$ 5,030.00
Perris Union High School	0.06850	344.56
EMWD IMP U-35	0.00860	43.26
EMWD IMP U-36	0.00860	43.26
Mt. San Jacinto Jr College	0.00268	13.48
Metropolitan Water District	<u>0.00700</u>	<u>35.21</u>
Total General Property Taxes and Overrides	1.09538%	\$ 5,509.77
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES<sup>(3)</sup></b>		
Romoland School District CFD No. 2023-1, IA No. 1 <sup>(4)</sup>		\$ 1,314.78
EMWD CFD 2022-97 IA A		1,525.00
Winchester CFD		719.80
Riverside County CFD 03-1		232.00
Riverside County Service Area 152		73.02
EMWD Infrastructure Availability Charge		26.00
L&L MD No. 89-1-C		10.80
Metropolitan Water District Standby East		6.94
Valley Wide LMD 88-1		<u>5.54</u>
Total Assessments and Parcel Charges		\$ 3,913.88
<b>PROJECTED TOTAL PROPERTY TAXES</b>		<b><u>\$ 9,423.65</u></b>
<b>Projected Total Effective Tax Rate (as % of Appraised Value)</b>		<b>1.8478%</b>

<sup>(1)</sup> Based on the median Appraised value of completed and closed Homes as shown in the Appraisal Report with a date of value of July 15, 2025. Net Appraised Value includes \$7,000 homeowners' exemption.

<sup>(2)</sup> Based on the actual Fiscal Year 2024-25 *ad valorem* tax rates within Improvement Area No. 1.

<sup>(3)</sup> Unless otherwise noted, values are based on the actual Fiscal Year 2024-25 assessments, special taxes and charges.

<sup>(4)</sup> Special Tax amount for the median tax class for completed closed homes.

Source: Koppel & Gruber Public Finance.



## Appraisal Report

In order to provide information with respect to the value of the property within Improvement Area No. 1, the School District engaged Stephen G. White, MAI, the Appraiser, to prepare the Appraisal Report. The purpose of the Appraisal Report was to estimate the aggregate market value of the “as is” condition, subject to special tax and special assessment liens, of the Taxable Property within Improvement Area No. 1. Subject to the extraordinary assumptions, assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the July 15, 2025 Date of Value, the market value of the fee simple interest of the Taxable Property within Improvement Area No. 1 was \$98,245,000, consisting of: (i) \$86,700,000 for the 170 completed homes owned by individual homeowners, (ii) \$3,690,000 for the 9 completed homes owned by the Developer, (iii) \$5,955,000 for the 21 homes under construction owned by the Developer, and (iv) \$1,900,000 for the 10 finished lots owned by the Developer. Table 7 below sets forth the appraised values from the Appraisal Report for the taxable property within Improvement Area No. 1.

**TABLE 7**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**APPRAISED VALUES**

<u>Ownership</u>	<u>No. Lots</u>	<u>Market Value</u>
<b>Pradera Pointe</b>		
Individual Owners (completed-closed homes):	170	\$ 86,700,000
Builder Ownership (completed-unclosed homes):	9	3,690,000
Builder Ownership (homes under construction):	21	5,955,000
Builder Ownership (vacant lots):	<u>10</u>	<u>1,900,000</u>
Total	210	\$ 98,245,000

Source: The Appraisal Report.

Reference is made to APPENDIX B for a complete list of the extraordinary assumptions, assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser’s opinions. In the event that any of the extraordinary assumptions, assumptions and limiting conditions are not actually realized, the value of the property within Improvement Area No. 1 may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within Improvement Area No. 1 would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report merely indicates the Appraiser’s opinion as to the market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser’s opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser’s opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

The Appraiser has an “MAI” designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the School District and has no material relationships with the School District, the District or the owners of the land within Improvement Area No. 1 other than the relationship represented by the engagement to prepare the Appraisal Report and other similar engagements for the School District. The School District instructed the Appraiser to prepare its analysis and report in conformity with District-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as APPENDIX B to this Official Statement.

Prior to the issuance of the Bonds, the Appraiser will deliver to the School District a certificate stating that the Appraiser is aware that acts and events may have occurred since the Date of Value of the Appraisal Report which could result in both positive and negative effects on the market value. However, the Appraiser has not performed additional research or valuation analysis specific to the District since the date of the Appraisal and has not undertaken any obligation to do so.

### **Estimated Value-To-Lien Ratios**

The value of the property within Improvement Area No. 1 is significant to an evaluation of the Bonds because, in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. Likewise, the ratio of the value of a parcel to its “share” of the Bonds is important because it provides an indication of the extent of the relative burden imposed on each parcel by the applicable Special Tax. Table 8 sets forth the appraised value-to-lien ratios of the Taxable Property within Improvement Area No. 1 by property ownership and development status as of July 15, 2025, based on the projected Fiscal Year 2025-26 Special Tax levy. Based on the Appraisal Report, the market value of the fee simple interest of the Taxable Property within Improvement Area No. 1 was \$98,245,000 as of July 15, 2025. The ratio of that value to the \$4,605,000\* total principal amount of the Bonds and overlapping debt is approximately 20.26-to-1\*.

However, bonds for the overlapping Improvement Area A of Community Facilities District No. 2022-97 (Pradera Pointe & Pradera Place) of Eastern Municipal Water District (“EMWD CFD No. 2022-97”) have been authorized in an amount not to exceed \$5,000,000 but have not been issued. If the entirety of the Improvement Area A of EMWD CFD No. 2022-97 authorization were issued, the ratio of the appraised value of the Taxable Property within Improvement Area No. 1 to the total principal amount of the Bonds and overlapping debt plus the Improvement Area A of EMWD CFD No. 2022-97 bonds would be approximately 9.98-to-1\*.

Additionally, Table 9 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area No. 1, based on the appraised value of such parcels set forth in the Appraisal Report and such parcels’ respective shares of the principal amount of the Bonds (allocated to each parcel based upon its respective share of the total Fiscal Year 2025-26 Special Tax levy) and overlapping debt and the ratio of the appraised value to its share of the Bonds.

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\* Preliminary, subject to change.

**TABLE 8**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**APPRAISED VALUE-TO-LIEN RATIOS**  
**FISCAL YEAR 2025-26**

<i>Property Owner/ Development Status<sup>(1)</sup></i>	<i>Number of Parcels</i>	<i>Fiscal Year 2025-26 Special Tax</i>	<i>Bonds<sup>(2)*</sup></i>	<i>Overlapping Debt Amount<sup>(3)</sup></i>	<i>Total Direct and Overlapping Debt<sup>(2)*</sup></i>	<i>Appraised Value<sup>(4)</sup></i>	<i>Appraised Value-To-Lien Ratio<sup>(5)*</sup></i>
<b>Individual Owners</b>							
Completed Homes	170	\$ 234,735	\$ 3,736,726	\$ 197,961	\$ 3,934,688	\$86,700,000	22.03:1
<b>D.R. Horton</b>							
Completed Homes	9	\$ 12,312	\$ 195,994	\$ 10,383	\$ 206,377	\$ 3,690,000	17.88:1
Under Construction	21	28,366	451,560	23,922	475,483	5,955,000	12.52:1
Vacant Lots	10	13,865	220,720	11,693	232,413	1,900,000	8.18:1
<b>Total</b>	<b>210</b>	<b>\$ 289,279</b>	<b>\$ 4,605,000</b>	<b>\$ 243,960</b>	<b>\$ 4,848,960</b>	<b>\$98,245,000</b>	<b>20.26:1</b>

\* Preliminary, subject to change.

- (1) Ownership and development status information is based on Appraisal Report with a date of value of July 15, 2025. As of September 1, 2025, an additional four completed homes has been conveyed to individual homeowners. All property is considered Developed Property with permits issued prior to March 1, 2025 and based on the definition in the Rate and Method.
- (2) Allocated based on the Fiscal Year 2025-26 Special Tax Levy.
- (3) Based on California Municipal Statistics, Inc. Direct and Overlapping Debt Report dated July 30, 2025. Excludes general obligation debt for Metropolitan Water District, Perris Union High School District, Mt. San Jacinto Community College District and Riverside County of Economic Development. Also excludes property assessed clean energy program ("PACE") debt which individual homeowners may have encumbered their homes.
- (4) Value based on Appraisal Report with a date of value of July 15, 2025.
- (5) Calculated by dividing Appraised Value column by the Total Direct and Overlapping Debt column. Bonds for the overlapping Improvement Area A of EMWD CFD No. 2022-97 have been authorized in an amount not to exceed \$5,000,000 but have not been issued. If the entirety of the Improvement Area A of EMWD CFD No. 2022-97 authorization were issued, the ratio of the appraised value of the Taxable Property within Improvement Area No. 1 to the total principal amount of the Bonds and overlapping debt plus the Improvement Area A of EMWD CFD No. 2022-97 bonds would be approximately 9.98-to-1\*.

Source: Koppel & Gruber Public Finance.

**TABLE 9**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**APPRAISED VALUE-TO-LIEN RATIOS BY RANGE**  
**FISCAL YEAR 2025-26**

<i>Appraised Value-To-Lien Ratio</i>	<i>Number of Parcels</i>	<i>Fiscal Year 2025-26 Special Tax</i>	<i>Percentage of Fiscal Year 2025-26 Special Tax</i>	<i>Bonds<sup>(1)*</sup></i>	<i>Overlapping Debt Amount<sup>(2)</sup></i>	<i>Total Direct and Overlapping Debt<sup>(1)*</sup></i>	<i>Appraised Value<sup>(3)</sup></i>	<i>Appraised Value-To-Lien Ratio<sup>(4)*</sup></i>
Less than 7.00:1	0	\$ 0	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	N/A
Between 7.00:1 - 13.99:1	31	42,232	14.60	672,280	35,616	707,896	7,855,000	11.10:1
Between 14.00:1 - 20.99:1	54	81,462	28.16	1,296,781	68,700	1,365,481	26,640,000	19.51:1
21.00:1 and Greater	<u>125</u>	<u>165,585</u>	<u>57.24</u>	<u>2,635,939</u>	<u>139,645</u>	<u>2,775,583</u>	<u>63,750,000</u>	<u>22.97:1</u>
<b>Total</b>	<b>210</b>	<b>\$289,279</b>	<b>100.00%</b>	<b>\$4,605,000</b>	<b>\$ 243,960</b>	<b>\$ 4,848,960</b>	<b>\$ 98,245,000</b>	<b>20.26:1</b>

\* Preliminary, subject to change.

(1) Allocated based on the Fiscal Year 2025-26 Special Tax Levy.

(2) Based on California Municipal Statistics, Inc. Direct and Overlapping Debt Report dated July 30, 2025. Excludes general obligation debt for Metropolitan Water District, Perris Union High School District, Mt. San Jacinto Community College District and Riverside County of Economic Development. Also excludes property assessed clean energy program ("PACE") debt which individual homeowners may have encumbered their homes.

(3) Value based on Appraisal Report with a date of value of July 15, 2025.

(4) Bonds for the overlapping Improvement Area A of EMWD CFD No. 2022-97 have been authorized in an amount not to exceed \$5,000,000 but have not been issued. If the entirety of the Improvement Area A of EMWD CFD No. 2022-97 authorization were issued, the ratio of the appraised value of the Taxable Property within Improvement Area No. 1 to the total principal amount of the Bonds and overlapping debt plus the Improvement Area A of EMWD CFD No. 2022-97 bonds would be approximately 9.98-to-1\*.

Source: Koppel & Gruber Public Finance.

**TABLE 10**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
**OF THE ROMOLAND SCHOOL DISTRICT**  
**IMPROVEMENT AREA NO. 1**  
**TOP TAXPAYERS**  
**FISCAL YEAR 2025-26 SPECIAL TAX LEVY**

<i>Property Owner<sup>(1)</sup></i>	<i>Number of Parcels</i>	<i>Fiscal Year 2025-26 Special Taxes</i>	<i>Percentage of Fiscal Year 2025-26 Special Taxes</i>
D.R. Horton	36	\$ 49,164	17.00%
Individual Owners	<u>174</u>	<u>240,115</u>	<u>83.00</u>
<b>Total</b>	<b>210</b>	<b>\$289,279</b>	<b>100.00%</b>

<sup>(1)</sup> Based on ownership information available as of September 1, 2025, as reported by the Developer.  
Source: Koppel & Gruber Public Finance.

**Largest Taxpayers**

Based on the development status as of March 1, 2025, 210 taxable parcels within Improvement Area No. 1 are classified as Developed Property for the Fiscal Year 2025-26 Special Tax levy. Based on the ownership status within Improvement Area No. 1 as of September 1, 2025, the Developer and individual homeowners are expected to be responsible for approximately 17.00% and 83.00%, respectively, of the projected Fiscal Year 2025-26 Special Tax levy within Improvement Area No. 1. The District is not aware of any other property owner besides the Developer which owns more than one parcel within Improvement Area No. 1.

**PROPERTY OWNERSHIP AND THE DEVELOPMENT**

*Representatives of the Developer have provided the information in this section regarding the Developer and the development in the District. Neither the Underwriter nor the District has independently confirmed or verified the information in this section of the Official Statement nor does any such party make any representation as to accuracy or adequacy of this information. Further, there may be material adverse changes in this information after the date of this Official Statement.*

*The information in this section of the Official Statement regarding ownership of certain Taxable Property in the District has been included because it is considered relevant to an informed evaluation of the Bonds. The inclusion in this Official Statement of information related to the Developer should not be construed to suggest that the Bonds, or the Special Taxes that will be used to pay the Bonds, are recourse obligations of the Developer or any other property owner in the District. A property owner may sell or otherwise dispose of land within Improvement Area No. 1 or a development or any interest therein at any time.*

*The Bonds and the Special Taxes are not personal obligations of the Developer or any other current or subsequent property owners and, in the event that the Developer or any other current or subsequent property owner defaults in the payment of the Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of the Developer or any other current or subsequent property owner. As a result, other than as provided in the Official Statement, no financial statements or information is, or will be, provided about the Developer or any other current or subsequent property owner. The Bonds are secured solely by the Special Taxes and other amounts pledged under the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS."*

## The Developer

As previously defined in this Official Statement the Developer is D.R. Horton Los Angeles Holding Company, Inc., a California corporation. D.R. Horton is a wholly-owned subsidiary of D.R. Horton, Inc., a Delaware corporation (“D.R. Horton, Inc.”). D.R. Horton, Inc. is a public company whose common stock is traded on the New York Stock Exchange under the symbol “DHI.” Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 126 markets in 36 states under the names of D.R. Horton, America’s Builder, Emerald Homes, Express Homes and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly, D.R. Horton, Inc.’s Annual Report on Form 10-K for the fiscal year ended September 30, 2024, as filed with the SEC on November 19, 2024, and D.R. Horton’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 as filed with the SEC on July 23, 2025, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including D.R. Horton, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of D.R. Horton, Inc.’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.’s website at [www.drhorton.com](http://www.drhorton.com).

*The foregoing websites are and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. The Developer and D.R. Horton, Inc. are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the School District, the District or the Underwriter.*

## The Development Plan

**General.** Improvement Area No. 1 is located in the unincorporated area of Winchester in Riverside County, north of Domenigoni Parkway and east of the 215 Freeway. The Developer is developing Improvement Area No. 1 within the District into a 210 single family residential unit neighborhood known as Pradera Pointe. The Developer is developing Improvement Area No. 2 within the District into a 210 single family residential unit neighborhood known as Pradera Place.

As of July 15, 2025, of the 210 residential lots within Improvement Area No. 1, individual homeowners owned 170 completed homes, and the Developer owned 9 completed homes (3 of which were model homes), 21 homes under construction and 10 vacant lots. As of September 1, 2025, individual homeowners owned 174 completed residential units within Improvement Area No. 1, and the Developer owned three completed model homes, 9 completed production homes, 14 homes in various stages of construction, and 10 finished lots without any vertical home construction thereon. As of September 1, 2025, 8 homes were in escrow to individual homebuyers. Homes under contract may not result in closed escrows as sales contracts are subject to



cancellation. A detailed description of the status of the construction and ownership as of the Date of Value of the Appraisal Report is included in APPENDIX B — “APPRAISAL REPORT.”

Improvement Area No. 1 is within Tract Map No. 34677 which was recorded on December 23, 2020. The Developer purchased the land from BRPLD LLC for the Pradera Pointe development in 8 takedowns that recorded from May 5, 2023 through December 16, 2024. The Developer began conveying completed homes in Improvement Area No. 1 in September 2023.

The Developer is not aware of any State or federally classified hazardous substances located on its property within Improvement Area No. 1, and does not believe that such a current liability exists with respect to any parcel owned by the Developer in Improvement Area No. 1. Additionally, the Federal Emergency Management Agency has determined that the District is located in a Zone “X” flood area (an area of minimal flooding, outside the 100-year 500-year flood plains), and flood insurance will not be required. Improvement Area No. 1 is not located within a Very High Fire Hazard Severity zone. This is consistent with the CalFire Fire Hazard Severity Zone Map. Improvement Area No. 1 is not located within a California Earthquake Fault Hazard Zone, with the nearest active fault being the San Jacinto Fault approximately 7 miles to the northeast. The land within Improvement Area No. 1 is not subject to liquefaction. See “SPECIAL RISK FACTORS — Natural Disasters.”

The Developer is required to complete certain flood control improvements for the Riverside County Flood Control District (the “Flood Control Improvements”) prior to the issuance of the remaining 10 certificates of occupancy for units not yet completed within Improvement Area No. 1. The Flood Control Improvements are complete or substantially complete and usable for their intended purpose, with the exception of final punch list items and approval by the Flood Control District, which the Developer expected to occur by December 2025. None of the affected units within Improvement Area No. 1 are scheduled to close escrow and be conveyed to individual homeowners before February 2026. The Developer does not expect the completion of the Flood Control Improvements to cause a delay or an increase in development costs beyond what is described in this Official Statement. Other than the Flood Control Improvements, all the backbone infrastructure necessary to complete development within Improvement Area No. 1 is complete.

**Pradera Pointe.** The Pradera Pointe neighborhood consists of 210 lots planned for single-family detached homes, with minimum lot sizes of approximately 3,120 square feet and an average of 3,825 square feet. The homes within Pradera Pointe consist of one and two-story floor plans, ranging from three to five bedrooms and two to three bathrooms, with approximately 1,342 to 2,384 square feet of living space.

Table 11 shows the development and ownership status of the lots within Pradera Pointe as of July 15, 2025.

**TABLE 11**  
**PRADERA POINTE**  
**DEVELOPMENT AND OWNERSHIP STATUS**  
**(AS OF JULY 15, 2025)**

<b>Plan</b>	<b>Square Footage</b>	<b>Closed to Individual Homebuyers</b>	<b>Developer Owned Completed Homes<sup>(1)</sup></b>	<b>Under Construction<sup>(2)</sup></b>	<b>Finished Lots</b>	<b>Total</b>	<b>Base Price<sup>(3)</sup></b>
1	1,342	25	0	0	4	29	\$517,990
2	1,583	30	3	7	0	40	542,990
3	1,835	37	2	6	0	45	560,990
4	2,059	33	3	8	3	47	584,990
5	2,384	<u>45</u>	<u>1</u>	<u>0</u>	<u>3</u>	<u>49</u>	603,990
<b>Total</b>		<b>170</b>	<b>9</b>	<b>21</b>	<b>10</b>	<b>210</b>	

(1) Includes three completed model homes (none in escrow) and six completed production homes (none in escrow) as of July 15, 2025. Since July 15, 2025 and as of September 1, 2025, an additional four completed homes had been conveyed to individual homeowners.

(2) Four homes under construction as of July 15, 2025 were in escrow to individual homebuyers as of such date.

(3) Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions, mortgage rate buydowns or price reductions currently being offered.

Source: The Developer.

*Although the information in this Official Statement reflects the current development expectations of the Developer, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. The Developer reserves the right to change its development plans at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer. See “SPECIAL RISK FACTORS — Risks of Real Estate Secured Investments Generally.”*

### **Financing Plan**

To date, the Developer has financed its land acquisition and various site development, and home construction costs related to its Pradera Pointe neighborhood in Improvement Area No. 1 through internally generated funds (which may include home sales revenue and funding from its parent company D.R. Horton). The Developer expects to use internal funding (which may include homes sales revenue and funding from its parent company) to complete the development of the Developer’s neighborhood within Improvement Area No. 1. However, home sales revenues from the Developer’s activities in Improvement Area No. 1 are not segregated and set aside for completing its development activities in Improvement Area No. 1.

As of July 15, 2025, the Developer had expended approximately \$84,297,084 on its Pradera Pointe neighborhood in Improvement Area No. 1, including land acquisition, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of internal financing repayment, corporate overhead and other carry costs). As of July 15, 2025, the Developer expects the remaining site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses to complete its development in Improvement Area No. 1 to be approximately \$3,198,217.

*Notwithstanding the belief of the Developer that it will have sufficient funds to complete its planned development in Improvement Area No. 1, no assurance can be given that sources of financing available to the Developer will be sufficient to complete the property development and home construction as currently anticipated. While the Developer has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Developer, nor any of its*

*related entities, including its parent D.R. Horton, Inc., has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of the Developer to provide internal financing in the past, the Developer has not represented in any way that it will do so in the future. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete the Developer's planned development in Improvement Area No. 1 and other financing by the Developer is not put into place, there could be a shortfall in the funds required to complete the proposed development by the Developer and portions of the project may not be developed.*

*The development and financing plans described in this Official Statement are solely projections as of the date of this Official Statement. Such plans are subject to change. No assurance can be given that such plans will remain in their current state or that the plans will ultimately be carried out according to the description set forth above.*

## **THE ROMOLAND SCHOOL DISTRICT**

*The following information relating to the School District is included only for the purpose of supplying general information regarding the School District. Neither the faith and credit nor taxing power of the School District have been pledged to the payment of the Bonds and the Bonds will not be payable from any of School District's revenues or assets.*

### **General Information**

The School District, a political subdivision of the State of California established in 1927, currently operates four elementary schools for grades TK-5, one grades 6-8 middle school, and one TK-8 alternative school of choice that offers a virtual learning program, a home school program, and a middle school academy program. Encompassing approximately 32 square miles, the School District includes portions of the incorporated City of Perris, the recently incorporated City of Menifee and unincorporated areas of Riverside County commonly referred to as "Homeland" and "Romoland."

### **Administration and Attendance**

The management and policies of the School District are administered by a Superintendent and a staff which provides business, pupil, personnel, administrative personnel, and instruction support services.

The School District employs approximately 272 certificated professionals and approximately 319 classified professionals. The School District's collective bargaining units are the Romoland Teachers Association ("RTA"), which represents certificated personnel, and California School Employees Association ("CSEA") Chapter 499, which represents classified personnel. The School District's current contract with the RTA expired at the end of Fiscal Year 2023-24. The School District and the RTA will continue to operate under the terms of the expired contract until a new contract is agreed to. The current contract for CSEA expires at the end of Fiscal Year 2024-25.

The pupil-teacher ratio averages 24 to 1 for kindergarten classes, 26 to 1 for grades 1st through 3rd, and 30-to-1 for grades 4th through 8th. Average daily attendance figures for the most recent five Fiscal Years are provided in the following table. The School District's schools are organized into four TK-5 schools, one 6-8 middle school and one TK-8 alternative school of choice that offers a virtual learning program, a home school program, and a middle school academy program. Students matriculate to Heritage High School, in the Perris Union High School District, for grades 9-12.

The School District is governed by a five-member Board of Trustees. The members are elected to four-year terms.

Mr. Trevor Painton serves as the Superintendent of the School District. He previously served as Assistant Superintendent, Educational Services of the School District. Prior to such role, Mr. Painton served as Principal of John W. North High School in the Riverside Unified School District and as a site level administrator in the Corona Norco Unified School District. His teaching experience includes middle school science as well as AVID Coordinator at two middle schools. Mr. Painton earned both his Master of Science Degree in Educational and Instructional Technology and his Administrative Services Credential from National University. Mr. Painton received his Bachelor of Science Degree in Health Education from California State University, Long Beach. Mr. Painton previously taught in the Master of Educational Administration and Master of Curriculum and Instruction programs for Concordia University from 2008-2012.

Mrs. Karen Owen was appointed Chief Business Official of the School District on August 9, 2022. Mrs. Owen has been with the School District since 2012 and previously served as an Accounting Technician in the School District's Business Services Department from 2012 to 2021, where she was involved in the administration of the School District's community facilities districts. Prior to being appointed Chief Business Official, Mrs. Owen most recently served as the School District's Fiscal Services Supervisor from January 2022 to July 2022. Mrs. Owen earned her Associates degree in Social Behavioral Science from Mt. San Jacinto Community College and holds a Chief Business Official Certification from Charter Schools Development Center.

Fiscal Year 2024-25 enrollment is estimated at approximately 4,800 students in the School District's adopted Fiscal Year 2024-25 budget. Average Daily Attendance figures for the current and five most recent Fiscal Years are provided in the following table.

**ROMOLAND SCHOOL DISTRICT  
AVERAGE DAILY ATTENDANCE  
(2019-20 THROUGH 2024-25)**

<i>Fiscal Year</i>	<i>Total Average Daily Attendance</i>
2019-20	4,000
2020-21	4,001
2021-22	4,084
2022-23	4,152
2023-24	4,340
2024-25	4,476

<sup>(1)</sup> Average daily attendance for Fiscal Years 2023-24 and 2024-25 is based on the School District's adopted Fiscal Year 2025-26 budget.

Source: School District.

**SPECIAL RISK FACTORS**

The purchase of the Bonds involves significant risks that are not appropriate investments for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area No. 1 to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area No. 1. See "—Property Values" and "— Limited Secondary Market" below.

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

Purchasers of the Bonds 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 Improvement Area No. 1, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites 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; (iii) natural disasters (including, without limitation, severe earthquakes, wildfires, (including smoke damage) floods, drought, windstorm and outbreaks of disease), which may result in uninsured losses; and (iv) increased delinquencies due to rising mortgage costs or other factors.

No assurance can be given that the individual homeowners or the Developer 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” below, for a discussion of certain limitations on the School District’s ability to pursue judicial proceedings with respect to delinquent parcels within Improvement Area No. 1.

### **Concentration of Ownership**

Based on the ownership status of the property within Improvement Area No. 1 as of September 1, 2025, assuming no additional sales within Improvement Area No. 1, approximately 17.00% of the Special Taxes levied in Improvement Area No. 1 in Fiscal Year 2025-26 would be payable by the Developer. Until the construction and sale of the remaining homes within Improvement Area No. 1 to individual homeowners, the receipt of the Special Taxes is dependent in part on the willingness and the ability of the Developer to pay the Special Taxes when due. Failure of the Developer, or any successor(s), to pay the annual Special Taxes when due could result in a draw on the Reserve Account of the Special Tax Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the Developer, or any successors, will complete the remaining intended construction and development in Improvement Area No. 1 in the timeframe or for estimated costs predicted herein or that they will complete it at all. No assurance can be given that the individual homeowners, the Developer, or any successors, 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” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

### **Limited Obligations**

The Bonds and interest thereon are not payable from the general funds of the School District. Except with respect to the Special Taxes, neither the faith and credit nor the taxing power of the District or the School District is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the School District or force the forfeiture of any School District or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the School District or a legal or equitable pledge, charge, lien or encumbrance upon any of the School District’s or the District’s property or upon any of the School District’s or the District’s income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes.”

### **Insufficiency of Special Taxes**

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in Improvement Area No. 1 will generally be based on the land use class to which a parcel of Developed Property is assigned. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and

“SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Rate and Method of Apportionment of Special Tax.*”

The principal amount of the Bonds has been established to produce debt service coverage on the Bonds from Maximum Annual Special Taxes from Developed Property within Improvement Area No. 1 of at least 110%, net of the \$25,000 Administrative Expenses Cap escalating 2% each fiscal year beginning in Fiscal Year 2025-26. However, in addition to the Administrative Expenses Cap, in the event the District incurs Extraordinary Administrative Expenses, such Extraordinary Administrative Expenses would be paid from collected Special Taxes ahead of debt service on the Bonds. “Extraordinary Administrative Expenses” include Administrative Expenses required for extraordinary District events such as foreclosure actions against delinquent taxpayers within Improvement Area No. 1 required to be prosecuted on an expedited basis pursuant to the Indenture, the approval and implementation of actions requiring Bondowner consent under the Indenture, or actual or threatened Bondowner or property owner litigation arising out of the Bonds or the District. While the District does not anticipate requiring Extraordinary Administrative Expenses, events such as high delinquencies requiring the District to take foreclosure actions against property owners within Improvement Area No. 1 may require the District to receive Extraordinary Administrative Expenses. See “PROPERTY OWNERSHIP AND DEVELOPMENT” for the development status within Improvement Area No. 1 as of July 15, 2025. Additionally, if necessary due to delinquencies, Extraordinary Administrative Expenses or otherwise, Special Taxes up to the maximum Special Taxes could be levied on Final Map Property within Improvement Area No. 1. Notwithstanding that the maximum Special Taxes that may be levied in Improvement Area No. 1 exceeds debt service due on the Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation as permitted in the Rate and Method.

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the District has established a Reserve Account of the Special Tax Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund.” The District has covenanted to maintain in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the District may not levy the Special Tax in Improvement Area No. 1 in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method. As a result, if a significant number of delinquencies occurs, the District could be unable to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Reserve Account of the Special Tax Fund could be depleted and a default on the Bonds could occur.

The District will covenant that, under certain conditions, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever 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. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*” for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Account of the Special Tax Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in Improvement Area No. 1, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Account of the Special Tax Fund to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in Improvement Area No. 1 will be at all times sufficient to pay the amounts required to be paid by the

Indenture, even if the Special Tax is levied at the maximum Special Tax rates. See “— Bankruptcy and Foreclosure” for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Taxes expressly exempts Taxable Property Owner Association Property and Taxable Public Property if exempting such property would reduce the sum of all Taxable Property to less than the minimum taxable acreage of 17.52 acres within Improvement Area No. 1 in the chronological order in which such property becomes Taxable Property Owner Association Property and Taxable Public Property. See Section E of APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” If for any reason property within Improvement Area No. 1 becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining Taxable Properties within Improvement Area No. 1. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Rate and Method governing the levy of the Special Tax provides that, once a parcel is classified as Taxable Property, it will remain subject to a Special Tax levy even if subsequently it is acquired by a public agency. The Act provides that, if any property within Improvement Area No. 1 not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within Improvement Area No. 1 was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

### **Natural Disasters**

The District is located in a seismically active region in Southern California. There is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land along the aforementioned fault lines may be subject to liquefaction during the occurrence of such an event. While Developed Property within Improvement Area No. 1 subject to the lien of Special Taxes is not located in a designated Earthquake Study Zone as determined by the California State Geologist, such property may nevertheless be subject to unpredictable seismic activity.

In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Such areas affected by wildfires are more prone to flooding and mudslides that can lead to the destruction of homes. Property damage due to wildfire could result in a significant decrease in the market value of property within Improvement Area No. 1 and in the ability or willingness of property owners to pay Special Taxes when due. See “—Fire Hazard” below.

In the event of a severe earthquake, fire, flood, drought, windstorm, outbreak of disease or other natural disaster, there may be significant damage to both property and infrastructure in Improvement Area No. 1. As a result, the Developer or a substantial portion of the individual property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in Improvement Area No. 1 could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

## **Fire Hazard**

Improvement Area No. 1 is not located within a Very High Fire Hazard Severity zone. This is consistent with the CalFire Fire Hazard Severity Zone Map. The Developer reports that no extra fire suppression mitigation was required for development of the property within Improvement Area No. 1; however, there can be no assurances that wildfires will not occur within Improvement Area No. 1 or as to the severity or frequency of wildfires within the vicinity of Improvement Area No. 1.

## **Property Insurance**

In recent years, homeowners in many areas in the State have experienced significant increases in premiums for property and homeowners' insurance policies as well as difficulty in obtaining such insurance from commercial insurance companies. Such increases in the overall cost of homeownership could have a material adverse effect on the rate of absorption of the remaining units in Improvement Area No. 1 and on a homeowner's willingness and/or ability to pay the Special Taxes.

In addition, no assurances can be made that adequate homeowners' insurance coverage will be available in the future from reputable insurance companies, with premiums comparable to historical rates, or at all. The inability to obtain adequate insurance coverage could impact the ability of the homeowners' in Improvement Area No. 1 to reconstruct their homes in the event of damage.

## **Drought**

From time to time certain parts of California, including the School District, the District and Improvement Area No. 1 therein, may experience extended drought conditions. Extended drought conditions may impact development of properties within Improvement Area No. 1 and may affect the market value of properties within Improvement Area No. 1 and in the ability or willingness of property owners to pay Special Taxes when due.

## **Hazardous Substances**

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming the owner, will become obligated to remedy the condition just as is the seller.

The value of the property within Improvement Area No. 1, as set forth herein and in the Appraisal Report, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The Developer has represented to the District that it is not aware of any State or federally classified hazardous substances located on its property within Improvement Area No. 1, and does not believe that such a current liability exists with respect to any parcel owned by the Developer in Improvement Area No. 1. However, it is possible that such liabilities do currently exist and that neither the Developer nor the District is aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels 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. Such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

### **Payment of the Special Tax is not a Personal Obligation of the Property Owners**

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the property owner.

### **Property Values**

The value of the property within Improvement Area No. 1 is a critical factor in determining the investment quality of the 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 will adversely impact the security underlying the Special Taxes. See "THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1 — Estimated Value-to-Lien Ratios."

The Appraiser has estimated, on the basis of certain definitions, extraordinary assumptions, assumptions and limiting conditions contained in the Appraisal Report, that as of July 15, 2025, the value of the taxable land and improvements within Improvement Area No. 1 was approximately \$98,245,000. The Appraisal Report is based on a number of extraordinary assumptions, assumptions and limiting conditions as stated in APPENDIX B — "APPRAISAL REPORT." The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within Improvement Area No. 1, the listing of endangered species or the determination that habitat for endangered or threatened species exists within Improvement Area No. 1, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within Improvement Area No. 1 could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value, the Appraiser assumes that any sale will be transacted in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX B for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the land and improvements within Improvement Area No. 1 from that estimated by the Appraiser.

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 APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants — *Commence Foreclosure Proceedings*."

### **Parity Taxes, Special Assessments and Land Development Costs**

Property within Improvement Area No. 1 is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within Improvement Area No. 1. See "THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1 — Direct and Overlapping Indebtedness."

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See “— Bankruptcy and Foreclosure” below.

**Neither the District nor the School District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within Improvement Area No. 1. In addition, the landowners within Improvement Area No. 1 may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within Improvement Area No. 1 described herein. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1— Direct and Overlapping Indebtedness” and “— Estimated Value-to-Lien Ratios.”**

### **Disclosures to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The School District has caused a notice of the Special Tax to be recorded in the Office of the Recorder for the County against each parcel. 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 property within Improvement Area No. 1 or 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 and ability of the purchaser or lessor to pay the Special Tax when due.

### **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 Bonds are derived, will be billed to the properties within Improvement Area No. 1 on the regular *ad valorem* property tax bills sent to owners of such properties by the County Tax Collector. 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.

Moreover, the District does not participate in the County’s Teeter Plan. See “SOURCES OF PAYMENT FOR THE BONDS – Special Taxes — *Special Taxes Are Not Within Teeter Plan.*”

See APPENDIX F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants — *Commence Foreclosure Proceedings*” 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 “— Bankruptcy and Foreclosure” below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclosure on the lien of the Special Taxes in certain circumstances.

Pursuant to Section 53321(d) of the Government Code, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor Parcel(s) within Improvement Area No. 1 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. As a result, in the event of Special Tax delinquencies or defaults, it is possible that the District may not be able to levy the necessary amount of Special Taxes to cover debt service in a given year. However, subject to the limitations on the District’s ability to levy the necessary amount of Special Taxes as imposed by Section 53321(d) of the Government Code, the District can levy Special Taxes on Undeveloped Property to make-up all or a portion of any shortfall in the Special Tax levy.

As of July 14, 2025, none of the Special Taxes for Fiscal Year 2024-25 were delinquent. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1 — Delinquency History.”

### **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 Federal Deposit Insurance Corporation (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 the 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, California 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 is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a

private deed of trust secured by a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. 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 Improvement Area No. 1 becoming owned by the federal government, federal government entities or federal government sponsored entities, see “— Insufficiency of Special Taxes.”

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.

## **Bankruptcy and Foreclosure**

Bankruptcy, insolvency and other laws generally affecting creditors’ rights could adversely impact the interests of Owners of the Bonds in at least two ways. First, 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 “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *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. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving opinion) will be qualified as to the enforceability of the various legal instruments by references to moratorium, bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Second, the Bankruptcy Code might prevent moneys on deposit in the Acquisition and Construction Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

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 court. *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.

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 Service Members Civil Relief Act (CRA) of 2003, formerly known as the Soldiers’ and Sailors’ Civil Relief Act (SSCRA)) and by the laws of the State relating to judicial foreclosure.

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

### **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 School District or 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 Bondowners 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 Bondowners with a priority interest in such amounts. In that circumstance, unless the Bondowners could “trace” the funds that have been deposited in the County investment pool, the Bondowners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bondowners could successfully so trace the Special Taxes or debt service payments.

## **No Acceleration Provision**

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

## **Loss of Tax Exemption; Tax Treatment of the Bonds**

The interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of an act or omission of the Community Facilities District in violation of certain provisions of the Code and the covenants of the Indenture. See “TAX MATTERS.” In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the District will covenant 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 Bonds under Section 103 of the Internal Revenue Code of 1986. Should such an event of taxability occur, the 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 BONDS — Redemption.”

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

Future legislation, if enacted into law, or clarification of the Code or court decisions may cause interest on the 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 or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any enactment of any such future legislation, regulations, or litigation as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the 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 Bonds or the market value of the Bonds. Legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the 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 Bonds.

## **Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See “CONTINUING DISCLOSURE.” Any failure to provide annual financial information, if required, does not give rise to monetary damages but only an action for specific

performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds 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.

### **Proposition 218**

Among other things, Section 3 of Article XIII C states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” 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 XIII C 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 Bonds.

It may be possible, however, for voters or the Board of Trustees 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 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 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 that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels of Taxable Property within Improvement Area No. 1. In connection with the foregoing covenant, the Board of Trustees has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District also will covenant that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

With respect to the approval of the Special Taxes, on August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (the “City”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in the entire City. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was

modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City). The election held in the District had no registered voters at the time of the election to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters in the District approved the Special Tax and the issuance of bonds on April 18, 2023. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the District believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

The interpretation and application of Article XIII C and Article XIII D 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 "— Limitations on Remedies" below.

## **Ballot Initiatives**

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process, including through Proposition 13 in 1978, Proposition 218 in 1996 and Proposition 26 in 2010. 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 City, or other local agencies to increase revenues or to increase appropriations.

As described above, Proposition 218 was approved by California voters in 1996 and added Article XIII C to the California Constitution. On November 2, 2010, the voters of the State approved Proposition 26, known as the "Supermajority Vote to Pass New Taxes and Fees Act" ("Proposition 26"). Proposition 26, among other things, amends Article XIII C to the California Constitution principally to define what constitutes a "tax" under the limitations and requirements of that provision. Article XIII C imposes limitations on local governments when imposing certain taxes, including a requirement that the local government submit certain taxes to the electorate for its approval. Before Proposition 26, Article XIII C did not define the term "tax." Proposition 26 broadly defines a tax under Article XIII C to include "any levy, charge, or exaction of any kind imposed by a local government." Proposition 26 lists several exceptions to the definition of "tax," which include (a) a charge for a specific benefit or privilege, which does not exceed the reasonable costs of providing the benefit or privilege, (b) a charge for a government service or product, which does not exceed the reasonable costs of providing the service or product, (c) a charge for the reasonable regulatory costs of issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof, (d) a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property, (e) a fine, penalty, or other monetary charge imposed as a result of a violation of law, (f) a charge imposed as a condition of property development, and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D.



From time to time other constitutional initiatives or initiative measures may be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State or any political subdivision thereof, including the City, to increase revenues or to increase appropriations, or might affect the ability of the District to collect the Special Tax.

### **Limitations on Remedies**

Remedies available to the owners of the 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 Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

### **Cybersecurity**

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. To date, the School District has not experienced an attack on its computer operating systems which resulting in a breach of its cybersecurity systems that are in place. However, no assurance can be given that the School District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the School District or the District. The School District is also reliant on other entities and service providers, such as the County Treasurer for the levy and collection of Special Taxes securing payment of the Bonds, the Trustee in its role as paying agent or the Dissemination Agent in connection with compliance by the School District and the District with their respective continuing disclosure undertakings. No assurance can be given that the School District or the District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Bondowners, e.g., systems related to the timeliness of payments to Bondowners or compliance with disclosure filings pursuant to the Continuing Disclosure Agreement.

In September 2022, the Los Angeles Unified School District ("LAUSD") was the target of an external ransomware cyberattack which resulted in hackers stealing sensitive data. In response, the Federal Bureau of Investigation, the Cybersecurity and Infrastructure Security Agency, and the Multi-State Information Sharing and Analysis Center released a joint Cybersecurity Advisory which provided indicators of compromise and historically observed tactics, techniques and procedures associated with the hackers, who have been disproportionately targeting the education sector with ransomware attacks. The School District was notified by a law enforcement agency that evidence of an intrusion into its network was discovered as part of the larger investigation into the LAUSD cyberattack. The evidence that was found did not include any personal identifiable information ("PII") or financial information. The School District launched an investigation into its network environment where it discovered that a bad actor had gained access and was in the process of laying the groundwork for a possible attack in the future. The School District worked with the California Governor's Office of Emergency Services to disrupt the bad actor's remote access and remediate the servers that had been accessed. At this time there is no evidence of any data leakage, and the School District does not maintain any internal servers storing financial or PII data. All user data is stored in cloud/hosted systems that do not appear to have been compromised.

## **Impact of Economic Conditions on the Development in Improvement Area No. 1**

Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which the Developer is able to complete and sell homes and demand by and the ability of individuals to purchase homes within Improvement Area No. 1. Such events and factors could include rising inflation and interest rates, persistent supply chain issues, further impacts of the COVID-19 pandemic and global market instability caused by the war in Ukraine. Any adverse impact of the foregoing and other economic factors on the projects in Improvement Area No. 1 and the real estate market in general cannot be predicted.

The Developer expects to use internally generated funds (which may include home sales proceeds and funding from its parent company, D.R. Horton) to complete its development in Improvement Area No. 1. However, the uncertainty in the financial markets may affect homebuyers' willingness or ability to obtain financing for the purchase of new homes within Improvement Area No. 1, which, in turn, could impact the Developer's ability or determination to complete its development in Improvement Area No. 1 in the budget and timeframe described herein. The Community Facilities District cannot predict whether future changes in financial markets may occur which may impact interest rates, availability of mortgage loans, or availability of funding which impact development in Improvement Area No. 1.

## **Potential Early Redemption of Bonds from Prepayments or Assessment Bond Proceeds**

Property owners within the District, including the Developer and any individual property owner, are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds, if any, that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption "THE BONDS — Redemption."

## **CONTINUING DISCLOSURE**

### **The District**

***District Continuing Disclosure Agreement.*** Pursuant to a Continuing Disclosure Agreement with Koppel & Gruber Public Finance, as dissemination agent, the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at [www.emma.msrb.org](http://www.emma.msrb.org), on an annual basis by March 31 of each fiscal year beginning March 31, 2026, certain financial information and operating data concerning the District. The District has further agreed to provide notice to EMMA of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Rule 15c2-12 adopted by the SEC. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the School District or the District other than Net Taxes and other amounts held under the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS — Limited Obligations." The full text of the Continuing Disclosure Agreement is set forth in APPENDIX G.

***Prior Compliance of the District.*** The District has not previously entered into a continuing disclosure undertaking pursuant to Rule 15c2-12.

***Prior Compliance by the School District, the Financing Authority and Other Community Facilities Districts Formed by the School District.*** A review of compliance with disclosure undertakings (the "Prior Continuing Disclosure Undertakings") by the School District, the Romoland School District Public Financing Authority (the "Financing Authority") and other community facilities districts formed by the School District for filings within the past five years indicates that, other than as disclosed below, the School District, the Financing Authority and the other community facilities districts formed by the School District have not failed

to comply in any material respects with any Prior Continuing Disclosure Undertakings. Due to an administrative error, the annual report for the Romoland School District Public Financing Authority, Local Agency Refunding Bonds, Series 2015A was filed a few days past the reporting deadline on April 7, 2022.

It should be noted that the list of significant events which the District has agreed to report includes items which have absolutely no application whatsoever to the Bonds. These items have been included in the list solely to satisfy the requirements of the Rule. Thus, any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit enhancements applicable to the Bonds, and there are no credit or liquidity providers with respect to the Bonds.

The Continuing Disclosure Agreement will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the Bonds. A default under the Continuing Disclosure Agreement is not a default under the Indenture and the sole remedy following a default is an action to compel specific performance by the District with the terms of the Continuing Disclosure Agreement.

## **TAX MATTERS**

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, 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. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the applicable Bond.

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the 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 complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District will covenant to comply with all such requirements.

The amount by which a Bond Owner’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 Code; such amortizable Bond premium reduces the Bond Owner’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 Bond Owner 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. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the 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 Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 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 BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 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 BONDS.

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 authorizing resolutions and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest on the 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 Bonds and the accrual or receipt of interest with respect to the 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 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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

## **LEGAL MATTERS**

The legal opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as APPENDIX D hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the School District by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel and as counsel for the District and the School District and for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. Stradling Yocca Carlson & Rauth LLP, expresses no opinion to the owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expressly disclaims any duty to advise the owners of the Bonds as to matters related to the Official Statement.

## **ABSENCE OF LITIGATION**

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the School District nor the District is aware of any litigation pending or threatened which questions the existence of the District or the School District or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

## **NO RATING**

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating to the Bonds.

## **UNDERWRITING**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_ (being \$\_\_\_\_\_ aggregate principal amount thereof, [plus/less] net original issue [premium/discount] of \$\_\_\_\_\_ and less Underwriter’s discount of \$\_\_\_\_\_). The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the bond purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

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

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the School District or the District and to persons and entities with relationships with the School District or the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District or the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District or the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve assets, securities and instruments of the School District or the District.

## **FINANCIAL INTERESTS**

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, municipal advisor to the School District, the Trustee and Underwriter’s Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser and to the Special Tax Consultant are not contingent upon the

issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

### **MUNICIPAL ADVISOR**

The District has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors Incorporated is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

### **ADDITIONAL INFORMATION**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the 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. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the Superintendent of the School District has been duly authorized by the Board of Trustees of the Romoland School District acting in its capacity as the legislative body of the District.

### **COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA) OF THE ROMOLAND SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent of the Romoland School District on behalf  
of Community Facilities District No. 2023-1 (La Pradera)  
of the Romoland School District

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## APPENDIX A

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

*The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Improvement Area No. 1 (the "Improvement Area") within Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District (the "District"). An Annual Special Tax shall be levied on and collected in the District each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.*

#### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA) OF THE ROMOLAND SCHOOL DISTRICT (IMPROVEMENT AREA NO. 1)**

A Special Tax as herein after defined shall be levied on all Taxable Property within the boundaries of Improvement Area No. 1 ("IA No. 1") of Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District ("CFD No. 2023-1") and collected each Fiscal Year commencing in Fiscal Year 2023/2024 in an amount determined by the Board, through the application of this Rate and Method of Apportionment to the extent and in the manner herein provided.

#### **1. DEFINITIONS**

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

**"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 Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of IA No. 1: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2023-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, IA No. 1 or any designee thereof of complying with School District, IA No. 1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, IA No. 1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; the costs associated with the Special Tax reduction described in Section 10; and the School District's administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2023-1 for any other administrative purposes of IA No. 1, including attorney's fees and other costs related to commencing and pursuing any foreclosure, or other resolution of delinquent Special Taxes.

**"Assessor"** means the Assessor of the County.



**“Assessor’s Parcel”** means a lot or parcel shown within IA No. 1 on an Assessor’s Parcel Map with an assigned Assessor’s parcel number.

**“Assessor’s Parcel Map”** means an official map of the Assessor designating parcels by Assessor’s parcel number.

**“Assigned Special Tax”** means the Special Tax of that name described in Section 3 below.

**“Backup Special Tax”** means the Special Tax of that name described in Section 3.A. 2 below.

**“Board”** means the Board of Trustees of the School District acting, in certain cases, as the Legislative Body of CFD No. 2023-1 under the provisions of the Act.

**“Bonds”** means any obligation to pay or repay a sum of money, including, but not limited to, obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes or the pledge of Special Tax revenues.

**“Building Permit”** means a permit for construction issued by the County or another public agency in the event the City no longer issues permits for construction within IA No. 1.

**“CFD Administrator”** means an authorized representative of the School District, or designee thereof, responsible for determining the Special Tax Requirement and other actions as specified herein.

**“CFD No. 2023-1”** means Romoland School District Community Facilities District No. 2023-1 (La Pradera).

**“Contractual Obligations”** means (a) a voluntary contractual assessment established and levied on an Assessor’s Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 *et seq.*), as amended from time to time, (b) a special tax established and levied on an Assessor’s Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax or assessment established and levied on an individual Assessor’s Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof.

**“County”** means the County of Riverside, California.

**“Developed Property”** means for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property and Taxable Public Property, for which a Building Permit for new construction of one or more Units was issued prior to March 1 of the previous Fiscal Year.

**“Exempt Property”** means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 5.

**“Final Map”** means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or recordation of a condominium plan pursuant to California Civil Code Section 4200 *et seq.* or lot line adjustment that creates individual lots or condominium units for which Building Permits may be issued without further subdivision. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map or portion thereof, which does not create individual lots for which a Building Permit may be issued, including Assessor’s Parcels that are designated as remainder parcels.

**“Final Map Property”** means all Assessor’s Parcels of Taxable Property that are included in a Final Map, excluding lettered lots thereon and remainder parcels that are subject to further subdivision, that were recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied.

**“Fiscal Year”** means the period starting on each July 1 and ending the following June 30.

**“Improvement Area No. 1” or “IA No. 1”** means Improvement Area No. 1 of CFD No. 2023-1, as identified on the boundary map for CFD No. 2023-1, as in effect on the date of formation of IA No. 1, and as may thereafter be amended in accordance with the Act.

**“Indenture”** means the indenture, fiscal agent agreement, resolution or other instrument(s) pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Independent Price Point Consultant”** means any consultant or firm of such consultants selected by IA No. 1 that (a) has substantial experience in performing price point studies for Units within community facilities districts or otherwise estimating or confirming pricing for Units in community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Units in community facilities districts, (c) is in fact independent and not under the control of IA No. 1 or the School District, (d) does not have any substantial interest, direct or indirect, with or in (i) IA No. 1, (ii) the School District, (iii) any owner of real property in IA No. 1, or (iv) any real property in IA No. 1, and (e) is not connected with IA No. 1 or the School District as an officer or employee thereof, but who may be regularly retained to make reports to IA No. 1 or the School District.

**“Land Use Class”** means any of the classes listed in Table 1 under Section 3.A.1.

**“Lot”** means an individual legal lot or condominium unit created by a Final Map that is intended to be developed with a Unit.

**“Lower Income Household Welfare Exemption Property”** means, for each Fiscal Year, an Assessor’s Parcel within the boundaries of IA No. 1 that is subject to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the most recent County assessor’s roll finalized prior to such Fiscal Year.

**“Maximum Special Tax”** means, for each Assessor’s Parcel, the greatest amount of Special Tax, determined in accordance with Section 3 below, which may be levied by IA No. 1 in any Fiscal Year on such Assessor’s Parcel of Taxable Property.

**“Non-Residential Property”** means all Developed Property for which a Building Permit(s) was issued for a non-residential use.

**“Outstanding Bonds”** mean all Bonds, which are deemed to be outstanding under the Indenture.

**“Plan Type”** means a discrete residential plan type (generally consisting of Units that share a common product type (e.g., single family, condominium, multi-family, senior) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within IA No. 1 as identified in the Price Point Study.

**“Price Point”** means, with respect to the Units in each Plan Type, as of any date, the minimum base price of such Units, estimated as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area and lot size.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by an Independent Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within IA No. 1, (c) sets forth the estimated number of constructed and expected Units for each Plan Type, (d) sets forth such Independent Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 60 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section 10 herein.

**“Property Owner Association Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of IA No. 1 owned in fee by a property owner association, including any master or sub-association.

**“Proportionately”** or **“Proportionate”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Undeveloped Property. For Taxable Public Property and Taxable Property Owner Association Property, **“Proportionately”** means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property or Taxable Property Owner Association Property, as applicable.

**“Public Property”** means, for each Fiscal Year, any Assessor’s Parcel within IA No. 1 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the City, the County, the School District or any other public agency; provided however that any property 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 in accordance with its use. To ensure that property is classified as public property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**“Rate and Method”** means this Rate and Method of Apportionment of Special Taxes of IA No. 1.

**“Residential Floor Area”** means the square footage of “assessable space,” as defined in Government Code Section 65995 as amended from time to time, of a Unit. At the time of formation of IA No. 1, Section 65995 defines assessable space as all of the square footage within the perimeter of a residential structure, not including any carport, covered or uncovered walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area. The assessable space of a Unit shall be determined by reference to the Building Permit(s) for such Unit and/or other information as may demonstrate that the assessable space is specified incorrectly on the Building Permit(s).

**“Residential Property”** means all Developed Property for which a Building Permit has been issued for purposes of constructing one or more Units.

**“School District”** means the Romoland School District.

**“School Facilities”** means the school facilities authorized to be financed by IA No. 1, as set forth in the resolution forming IA No. 1.

**“Special Tax”** means any special tax authorized to be levied within IA No. 1 pursuant to the Act and this Rate and Method.

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including, but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to replenish any reserve funds for all Outstanding Bonds;

(v) accumulate funds to pay directly for acquisition or construction of facilities eligible to be financed by IA No. 1, to the extent that the inclusion of such amount does not increase the Special Tax levy beyond the first step in Section 4; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year or the School District's historical delinquency rate; less (vii) a credit for funds available to reduce the Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**"State"** means the State of California.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of IA No. 1 which are not Exempt Property.

**"Taxable Property Owner Association Property"** means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Sections 4 and 5 below.

**"Taxable Public Property"** means all Assessor's Parcels of Public Property that are not exempt pursuant to Sections 4 and 5 below.

**"Total Effective Tax Rate"** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**"Total Tax and Assessment Obligation"** means, with respect to a Plan Type, for the Fiscal Year in which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges (excluding Contractual Obligations levied on individual Assessor's Parcels) levied or imposed on all Units of such Plan Type in such Fiscal Year or that would have been levied or imposed on all such Units had such Units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of Units in such Plan Type. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected Units for such Plan Type as identified in the Price Point Study.

**"Trustee"** means the trustee or fiscal agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 1 not classified as Developed Property, Taxable Property Owner Association Property or Taxable Public Property.

**"Unit(s)"** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

## 2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2023/2024, each Assessor's Parcel within CFD No. 2023-1, IA No. 1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 1 shall be classified as Developed Property, Final Map Property, Taxable Property Owner Association Property, Taxable Public Property or Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor's Parcel of Developed Property shall be further classified as Residential Property or Non-Residential Property. Residential Property shall be classified to its applicable Land Use Class its Residential Floor Area.

In the event that there are parent Assessor's Parcel(s) for which one or more Building Permits have been issued and the County has not yet assigned final Assessor's Parcel number(s) to the Lots within such parent Assessor's Parcel, the amount of the Special Tax on such parent Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax levy for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of the Special Tax for the Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Special Tax rates and such amounts shall be levied as Developed Property in accordance with first step of Section 4 below; and (3) the amount of the Special Tax levy on the Taxable Property in such Assessor's Parcel not subject to the Special Tax levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax rate levied on Undeveloped Property pursuant to the third step of Section 4 below, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2).

### 3. MAXIMUM SPECIAL TAX RATES

#### A. Developed Property

The Maximum Special Tax applicable to an Assessor's Parcel classified as Developed Property shall be the greater of (i) the Assigned Special Tax determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax for such Assessor's Parcel.

##### 1. Assigned Special Tax

The Fiscal Year 2023/2024 Assigned Special Tax for each Land Use Class is shown below in Table 1.

**Table 1**  
**Assigned Special Tax Rates**  
**Fiscal Year 2023/2024**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Assigned Special Tax</b>
1	Residential Property	2,300 Sq. Ft. or greater	\$1,477 Per Unit
2	Residential Property	2,000 - 2,299 Sq. Ft.	\$1,380 Per Unit
3	Residential Property	1,700 - 1,999 Sq. Ft.	\$1,289 Per Unit
4	Residential Property	1,400 - 1,699 Sq. Ft.	\$1,213 Per Unit
5	Residential Property	1,200 - 1,399 Sq. Ft.	\$1,189 Per Unit
6	Residential Property	Less than 1,200 Sq. Ft.	\$1,117 Per Unit
7	Non-Residential Property	Not Applicable	\$15,882 Per Acre

##### 2. Backup Special Tax

###### a. Residential Property

The Backup Special Tax in CFD No. 2023-1, IA No. 1 shall equal \$15,882 per Acre.

The aggregate Backup Special Tax attributable to property within a Final Map will equal the applicable amount per Acre multiplied by the Acreage of all Taxable Property located within such Final Map, excluding Acreage associated with current or expected Non-Residential Property, Taxable Property Owner Association Property and Taxable Public Property.

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Map shall be computed by dividing the aggregate Backup Special Tax attributable to all Assessor's Parcels of Taxable Property for which Building Permits for residential construction have or may be issued, as determined in the preceding paragraph, by the number of Lots (i.e., the number of residential lots).

Notwithstanding the foregoing, if all or any portion of a Final Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Map that is changed or modified shall be a rate per Acre calculated as follows:

Determine the total Backup Special Taxes anticipated to apply to all Residential Property in the changed or modified portion of the Final Map prior to the change or modification.

1. The result of paragraph (a) above shall be divided by the total Acreage of Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
2. The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Map.

b. Non-Residential Property

The Fiscal Year 2023/2024 Backup Special Tax for an Assessor's Parcel of Non-Residential Property shall equal \$15,882 per Acre.

3. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2024, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**B. Final Map Property**

1. Maximum Special Tax

The Fiscal Year 2023/2024 Maximum Special Tax for Final Map Property in IA No. 1 shall equal \$1,325 per Lot.

2. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2024, the Maximum Special Tax for Final Map Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**C. Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property**

1. Maximum Special Tax

The Fiscal Year 2023/2024 Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property in IA No. 1 shall equal \$15,882 per Acre.

2. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2024, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**D. Multiple Land Uses**

In some instances an Assessor's Parcel may contain both Undeveloped Property and Developed Property. Furthermore, Developed Property may contain more than one Land Use Class.

In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based the portion of the Assessor's Parcel for which Building Permits had been issued prior to March 1 of the prior Fiscal Year and portion of the Assessor's Parcel for which Building Permits had not been issued prior to March 1 of the prior Fiscal Year. The Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the applicable site plan, plot plan or other appropriate records kept by the County as reasonably determined by the CFD Administrator. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

The CFD Administrator's allocation to each type of property shall be final.

**4. METHOD OF APPORTIONMENT**

For each Fiscal Year, commencing in Fiscal Year 2023/2024, the Board shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

**First:** The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

**Second:** If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property up to 100% of the Maximum Special Tax for Final Map Property;

**Third:** If additional monies 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 Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

**Fourth:** If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax on each Assessor's Parcel of Developed Property, for which the Maximum Special Tax is determined through the application of the Backup Special Tax, shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax;

**Fifth:** If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and each Assessor's Parcel of Taxable Public Property at up to the Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property.

Notwithstanding the above, pursuant to Section 53321(d)(3) of the Act, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) within IA No. 1 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of Non-Residential Property shall continue to increase in equal percentages at up to 100% of the Maximum Special Tax.

## **5. EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) any Assessor's Parcel owned by the State, Federal or other local government, (ii) each Assessor's Parcel of Property Owner Association Property, (iii) each Assessor's Parcel that is exempt from *ad valorem* property taxes because it is owned by a religious organization and used as a place of worship, and (iv) each Assessor's Parcel burdened with public or utility easements or dedications making impractical its utilization for purposes other than set forth in the easement or dedication; provided that no such classification shall reduce the Net Taxable Acreage to less than 17.52 Acres.

No Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided, however, that if, in any Fiscal Year, applicable law does not require that Lower Income Household Welfare Exemption Property be exempt from some portion, or all, of the Special Tax, such portion, or all, of the Special Tax shall be levied on such property in accordance with this Rate and Method based on the Land Use Class to which the Assessor's Parcel is assigned.

In the event the Net Taxable Acreage would be reduced below 17.52 Acres because classification as Exempt Property is being sought for multiple Assessor's Parcels, the CFD Administrator shall have the discretion to determine which of such Assessor's Parcels shall be classified as Exempt Property.

If the use or ownership of an Assessor's Parcel of Exempt Property changes, such that the Assessor's Parcel no longer qualifies for classification as Exempt Property pursuant to this Section 5, or, based on the changed use, would not have initially qualified for classification as Exempt Property pursuant to this Section 5, such Assessor's Parcel shall cease to be classified as Exempt Property and shall thereafter be deemed to be Taxable Property.

## **6. REVIEW/APPEAL COMMITTEE**

Any taxpayer may file a written appeal of the Special Tax levied on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes and not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the calculation of the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Upon request of a taxpayer, the CFD Administrator will provide a copy of the Building Permit data relied upon for determining the Special Tax applicable to such taxpayer's Assessor's Parcel.



Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

## 7. COLLECTION OF SPECIAL TAXES

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that IA No. 1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## 8. PREPAYMENT OF SPECIAL TAX OBLIGATION

The following definitions apply to this Section 8:

**“Bond Index”** means the national Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index as determined by the Board.

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

**“CFD Public Facilities Cost”** means either \$3.5 million in 2022 dollars, which shall increase by the Inflater on July 1, 2023, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2023-1 under the authorized bonding program for IA No. 1, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section 4.

**“Construction Fund”** means an account specifically identified in the Indenture to hold funds which are available for expenditure to acquire or construct public facilities eligible under the Act.

**“Construction Inflation Index”** means the Marshall & Swift Western Region Class D Wood Frame Index, or if the Marshall & Swift Western Region Class D Wood Frame Index ceases to be published, a reasonably comparable index to estimate changes in school construction costs,

**“Inflater”** means the greater of (i) the annual percentage change in the Construction Inflation Index, as calculated for the twelve (12) months ending December 31 of the prior calendar year or (ii) three percent (3.0%).

**“Future Facilities Costs”** means the CFD Public Facilities Cost minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

**“Outstanding Bonds”** means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

**“Present Value of Residual Special Taxes”** means for any Assessor's Parcel the present value of the Special Taxes expected to be levied in each remaining Fiscal Year required to fund (v) of the Special Tax Requirement as determined by the CFD Administrator. The discount rate used for this calculation shall be equal to (a) the Bond Yield after Bond issuance or (b) the most recently published Bond Index prior to Bond issuance.

**“Previously Issued Bonds”** means all Bonds that have been issued by IA No. 1 prior to the date of prepayment.

#### **A. Prepayment in Full**

The obligation of an Assessor’s Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor’s Parcels of Developed Property or Undeveloped Property for which a Building Permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Present Value of Residual Special Taxes
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

#### **Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor’s Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for the entire IA No. 1 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of IA No. 1, excluding any Assessor’s Parcels for which the Special Tax has been prepaid, and  
  
(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated Backup Special Taxes at buildout of IA No. 1 using the Backup Special Tax amount for the current Fiscal Year, excluding any Assessor’s Parcels for which the Special Tax has been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Amount”).
8. Compute 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.
9. Determine the Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount (as defined below) less the Future Facilities Amount and the Administrative Fees and Expenses (as defined below) from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the “Defeasance Amount”).
12. Compute the Present Value of Residual Special Taxes expected to be generated by the Assessor’s Parcel.
13. Verify the administrative fees and expenses of IA No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Administrative Fees and Expenses”).
14. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve requirement for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
15. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).
16. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11, 12 and 13, less the amounts computed pursuant to paragraphs 14 and 15 (the “Prepayment Amount”).

17. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 14 and 15 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 and 12 shall be deposited into the construction fund. The amount computed pursuant to paragraph 13 shall be retained by IA No. 1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, 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 prepayment of 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 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board 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 on such Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property (excluding Taxable Property Owner Association Property and Taxable Public Property) within IA No. 1 both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the applicable annual debt service on all Outstanding Bonds.

#### **B. Prepayment in Part**

The Special Tax for an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 8.A; except that a partial prepayment shall be calculated according to the following formula:

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

These terms have the following meaning:

- PP = the partial prepayment
- $P_E$  = the Prepayment Amount calculated according to Section 8.A
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.
- A = the Administration Fees and Expenses from Section 8.A

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel for which the Special Tax is partially prepaid, the School District shall (i) distribute the funds remitted to it according to Section 8.A, and (ii) indicate in the records of IA No. 1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage  $(1.00 - F)$  of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no Special Tax partial prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property (excluding Taxable Property Owner Association Property and Taxable Public Property) within IA No. 1 both prior to and after the proposed partial prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **9. TERM OF SPECIAL TAX**

The Special Tax shall be levied for a term of thirty-three (33) Fiscal Years after the issuance of the last series of Bonds, provided that the Special Tax shall not be levied later than Fiscal Year 2073/2074. However, the Board may, but shall not be required to, cease levying the Special Tax in an earlier Fiscal Year, if the Board has determined that (i) all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of IA No. 1 have been acquired and all reimbursements have been paid, and (iii) all other obligations of IA No. 1 have been satisfied.

## **10. SPECIAL TAX REDUCTION**

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of Residential Property:

Step No.:

1. At least 30 days prior to the expected issuance date of the first series of Bonds, IA No. 1 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Effective Tax Rate for each Plan Type.
3. Separately, for each Land Use Class, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 1.95%.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 1.95%, then there shall be no change in the Assigned Special Tax for such Land Use Class.
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than 1.95%, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class, which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed 1.95%.
  - c. If the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly below it (i.e., the Assigned Special Tax for Land Use Class 1 is less than the Assigned Special Tax for Land Use Class 2), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2 shall be revised to be equal to the Assigned Special Tax for Land Use Class 1.)
4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property. The revised Backup Special Tax shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special as set forth in Section 3 A 1, reduced by a percentage equal to the weighted average percentage reduction in

the Assigned Special Taxes for all Land Use Classes of Residential Property resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of Units constructed or expected to be constructed in each Land Use Class multiplied by the percentage change for each Land Use Class (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of Units constructed or expected to be constructed and converted to a percentage.

5. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Exhibit A hereto and shall deliver such Certificate of Reduction in Special Taxes to IA No. 1. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Table 1 in Section 3 for a Land Use Class that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Table 3 in Section C.1.(c) that was not revised as determined pursuant to step 4.
6. If the first series of Bonds is issued within 90 days of the date of receipt of the Price Point Study by the CFD Administrator, IA No. 1 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the date of such issuance, and, upon the issuance of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall, ipso facto, be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the first series of Bonds is not issued within 90 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by IA No. 1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently, a first series of Bonds is expected to be issued, at least 30 days prior to the expected issuance date of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.
7. As soon as practicable after the execution by IA No. 1 of the acknowledgement on the Certificate of Reduction in Special Taxes, IA No. 1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for IA No. 1 reflecting the Assigned Special Taxes and the Backup Special Tax set forth in such Certificate of Reduction in Special Taxes.
8. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However, the CFD Administrator shall prepare and deliver to IA No. 1 a Certificate of No Reduction in Special Taxes substantially in the form of Exhibit B hereto dated as of the date of the issuance of the first series of Bonds that states that the calculations required pursuant to this Section 10 have been made and that no changes to the Maximum Special Tax are necessary.

IA No. 1 and the CFD Administrator shall take no further actions under this Section 10 upon the earlier to occur of the following: (i) the execution of the acknowledgement by IA No. 1 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

## EXHIBIT A

### CERTIFICATE OF REDUCTION IN SPECIAL TAXES

**Romoland School District**  
**CFD No. 2023-1, Improvement Area No. 1**

1. Pursuant to Section 10 of the Rate and Method of Apportionment, the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within IA No. 1 has been reduced.
2. The calculations made pursuant to Section 10 were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. Table 1 below shows the Assigned Special Tax for each Land Use Class after such reduction.

**Table 1**  
**Assigned Special Tax for Developed Property**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Assigned Special Tax</b>
1	Residential Property	2,300 Sq. Ft. or greater	\$ _____ per Unit
2	Residential Property	2,000 - 2,299 Sq. Ft.	\$ _____ per Unit
3	Residential Property	1,700 - 1,999 Sq. Ft.	\$ _____ per Unit
4	Residential Property	1,400 - 1,699 Sq. Ft.	\$ _____ per Unit
5	Residential Property	1,200 - 1,399 Sq. Ft.	\$ _____ per Unit
6	Residential Property	Less than 1,200 Sq. Ft.	\$ _____ per Unit
7	Non-Residential Property	Not Applicable	\$ _____ per Acre

4. The Backup Special Tax for each Assessor's Parcel of Developed Property shall equal \$ \_\_\_\_\_ per Acre after such reduction.
5. Upon execution of this certificate by CFD 2023-1, IA No. 1, CFD 2023-1, IA No. 1 shall cause an amended notice of Special Tax lien for IA No. 1 to be recorded reflecting the Assigned Special Tax and Backup Special Tax set forth herein.

**EXHIBIT B**

**CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES**

**Romoland School District**

**CFD No. 2023-1, IA No. 1**

1. All calculations required pursuant to Section 10 of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
2. Total Effective Tax Rate for all Plan Types in all Land Use Classes is less than or equal to 1.95%
3. The Maximum Special Tax for Developed Property within CFD No. 2023-1, IA No. 1 including the Assigned Special Taxes set forth in Section C.1.(b) and the Backup Special Tax set forth in Section C.1.(c) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date as of: [date of issuance of Bonds]



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**APPENDIX B**  
**APPRAISAL REPORT**

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APPRAISAL REPORT

COVERING

Community Facilities District No. 2023-1,  
Improvement Area No. 1 (La Pradera)  
of the Romoland School District

DATE OF VALUE:

July 15, 2025

SUBMITTED TO:

Romoland School District  
25900 Leon Rd.  
Homeland, CA 92548

Attn: Karen Owen  
Chief Business Official,  
Business Services

DATE OF REPORT:

August 1, 2025

SUBMITTED BY:

Stephen G. White, MAI  
1801 Lexington Dr.  
Fullerton, CA 92835

# Stephen G. White, MAI



## Real Estate Appraiser

1801 LEXINGTON DRIVE • FULLERTON, CALIFORNIA 92835  
(714) 738-1595 • swhite@white-appraisal.com

August 1, 2025

Romoland School District  
25900 Leon Rd.  
Homeland, CA 92548

Re: Community Facilities District No. 2023-1,  
Improvement Area No. 1 (La Pradera)

Attn: Karen Owen  
Chief Business Official,  
Business Services

Dear Ms. Owen:

In accordance with your request and authorization, I have completed an appraisal of the taxable properties within the above-referenced Community Facilities District (CFD). The taxable properties included in this appraisal consist of 210 single-family lots that are being developed by D.R. Horton with the neighborhood of homes called Pradera Pointe. As of July 15, 2025 there were 170 completed-closed homes (closed builder sales), 9 completed-unclosed homes (including the 3 models), 21 homes under construction and 10 vacant lots.

The purpose of this appraisal is to estimate the aggregate market value of the as is condition of these taxable properties, with the values allocated to Individual Owners (completed-closed homes) and to Builder Ownership (completed-unclosed homes, homes under construction and vacant lots). In addition, this appraisal reflects the proposed CFD bond financing, as well as the effective tax rate estimated at  $\pm 1.9\%$  based on the average appraised value for the completed-closed homes and including special taxes for this CFD and other overlapping debt.

Based on the general inspections of the properties and analysis of matters pertinent to value, the following conclusions of market value have been arrived at, subject to the Assumptions and Limiting Conditions, and as of July 15, 2025:

<u>Ownership</u>	<u>No. Lots</u>	<u>Market Value</u>
<i>Individual Owners (completed-closed homes):</i>	170	\$86,700,000
<i>Builder Ownership (completed-unclosed homes):</i>	9	\$3,690,000
<i>Builder Ownership (homes under construction):</i>	21	\$5,955,000
<i>Builder Ownership (vacant lots):</i>	<u>10</u>	<u>\$1,900,000</u>
	210	\$98,245,000

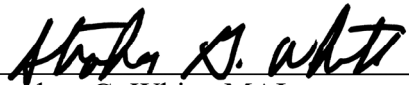
**\$98,245,000**

**(NINETY-EIGHT MILLION TWO HUNDRED FORTY-FIVE THOUSAND DOLLARS)**

MS. KAREN OWEN  
AUGUST 1, 2025  
PAGE 2

The following is the balance of this 40-page Appraisal Report which includes the Certification, Assumptions and Limiting Conditions, definitions, property data, exhibits, valuation and market data from which the value conclusions were derived.

Sincerely,

  
\_\_\_\_\_  
Stephen G. White, MAI  
(State Certified General Real Estate  
Appraiser No. AG013311)

SGW:sw  
Ref: 25013

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## APPRAISAL SUMMARY

<b>Property Type:</b>	170 completed-closed homes, 9 completed-unclosed homes, 21 homes under construction & 10 vacant lots												
<b>Ownership:</b>	Individual Owners (completed-closed homes) Builder Ownership (completed-unclosed homes, homes under construction & vacant lots)												
<b>Data of Value/Effective Date of the Appraisal:</b>	July 15, 2025												
<b>Date of Report:</b>	August 1, 2025												
<b>Location:</b>	W/S Leon Rd., from Olive Ave. north to Hornet Ave., Unincorporated Winchester area												
<b>APNs:</b>	461-680-001 to 084 461-690-002 to 071, 077 & 078 461-700-001 to 055												
<b>Legal Description:</b>	Referred to as Lots 211 to 420 of Tract No. 34677 (See additional detail under Legal Description later in this report.)												
<b>Lot Sizes:</b>	±3,120 s.f. minimum; 3,825 s.f. average												
<b>Home Sizes:</b>	1,342 s.f. to 2,384 s.f.												
<b>Years Built:</b>	2023-current												
<b>Highest &amp; Best Use:</b>	As Improved/As Planned												
<b>Method of Analysis:</b>	Sales Comparison Approach/Mass Appraisal												
<b>Value Conclusions:</b>	<table><tr><td>170 Completed-Closed Homes:</td><td>\$86,700,000</td></tr><tr><td>9 Completed-Unclosed Homes:</td><td>\$ 3,690,000</td></tr><tr><td>21 Homes Under Construction:</td><td>\$ 5,955,000</td></tr><tr><td>10 Vacant Lots:</td><td><u>\$ 1,900,000</u></td></tr><tr><td>Total:</td><td>\$98,245,000</td></tr></table>			170 Completed-Closed Homes:	\$86,700,000	9 Completed-Unclosed Homes:	\$ 3,690,000	21 Homes Under Construction:	\$ 5,955,000	10 Vacant Lots:	<u>\$ 1,900,000</u>	Total:	\$98,245,000
170 Completed-Closed Homes:	\$86,700,000												
9 Completed-Unclosed Homes:	\$ 3,690,000												
21 Homes Under Construction:	\$ 5,955,000												
10 Vacant Lots:	<u>\$ 1,900,000</u>												
Total:	\$98,245,000												




## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- I have made a general inspection of the properties that are the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this Certification, other than data research by my associate, Kirsten Patterson.
- I have performed no services, as an appraiser or in any other capacity, regarding the subject properties within the three-year period prior to accepting this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

  
\_\_\_\_\_  
Stephen G. White, MAI  
(State Certified General Real Estate  
Appraiser No. AG013311)

## **ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal has been based upon the following assumptions and limiting conditions:

1. No responsibility is assumed for the legal descriptions provided or for matters pertaining to legal or title considerations. Title to the properties is assumed to be good and marketable unless otherwise stated.
2. The properties are appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies, if applicable, are assumed to be correct. Any plot plans or other illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the properties, subsoil, or structures that render them more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the properties are in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the properties conform to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in the report are based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the properties described and that there are no encroachments or trespasses unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the properties, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of such substances may affect the value of the property, but the values estimated in this

## **ASSUMPTIONS AND LIMITING CONDITIONS,** Continuing

appraisal are based on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field, if desired.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication, unless otherwise authorized. It is understood and agreed that this report will be utilized in the Official Statement, as required for the CFD bond issuance.
13. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the properties in question unless arrangements have previously been made.

### **EXTRAORDINARY ASSUMPTIONS**

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

## **PURPOSE AND INTENDED USE/USER OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the as is condition of the taxable properties located within Community Facilities District No. 2023-1, Improvement Area No. 1 (La Pradera) of the Romoland School District, reflecting the proposed CFD bond financing. It is intended that this Appraisal Report is to be used by the client, consisting of the Romoland School District, and other appropriate parties as part of the planned CFD bond issuance.

## **SCOPE OF THE APPRAISAL**

It is the intent of this appraisal that all appropriate data considered pertinent in the valuation of the subject properties be collected, confirmed and reported in an Appraisal Report, in conformance with the Uniform Standards of Professional Appraisal Practice and the guidelines of the California Debt and Investment Advisory Commission. The scope of work has included an identification of the appraisal problem to be solved, which in this case is the market value of the taxable subject properties in as is condition as of the date of value of the appraisal; a general inspection of the subject properties and their surroundings; obtaining of pertinent property data on the subject properties, including review of various maps and documents relating to the properties and the home development; obtaining of comparable home sales and land sales from a variety of sources; analysis of all of the data to the value conclusions; and completion of the Appraisal Report.

## **DATE OF VALUE (EFFECTIVE DATE OF THE APPRAISAL)**

The date of value for this appraisal or the effective date of the appraisal is July 15, 2025.

## **PROPERTY RIGHTS APPRAISED**

This appraisal is of the fee simple interest in the subject properties, subject to the CFD special tax and assessment liens.

## **DEFINITION OF MARKET VALUE**

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. (The Dictionary of Real Estate Appraisal, Seventh Edition)

## **DEFINITION OF FEE SIMPLE INTEREST (ESTATE)**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (The Dictionary of Real Estate Appraisal, Seventh Edition)

### **DEFINITION OF MASS APPRAISAL**

The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing. (USPAP, 2020-2021 ed.) Often associated with real property tax assessment valuation. (The Dictionary of Real Estate Appraisal, Seventh Edition)

### **DEFINITION OF FINISHED LOT**

This term describes the condition of residential lots in a single-family subdivision for detached homes in which the lots are fully improved and ready for homes to be built. This reflects that the lots have all development entitlements, infrastructure improvements completed, finish grading completed, all in-tract utilities extended to the property line of each lot, street improvements completed, common area improvements/landscaping (associated with the tract) completed, resource agency permits (if necessary), and all development fees paid, exclusive of building permit fees, in accordance with the conditions of approval of the specific tract map.

### **EXPOSURE TIME**

This is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date or date of value of the appraisal. Assuming a reasonable marketing effort and at or reasonably near market value, I have concluded that the exposure time for the subject homes as well as the bulk of homes under construction and vacant lots would have been within 4 months for a sale to be negotiated, and with appropriate escrow time for the sales to close.

### **OWNERSHIP/SALES HISTORY**

In partnership with D.R. Horton, BRPLD LLC (Note: affiliated with Brookfield Residential) acquired the unimproved land for both Pradera Pointe and Pradera Place from Rancho Property (98% interest) and Rancon Real Estate Corporation (2% interest) by deed recorded February 15, 2022 at the indicated price of \$8,000,000. Brookfield completed the land development work and deeded the lots back to D.R. Horton Los Angeles Holding Company, Inc. in 8 takedowns that recorded from May 5, 2023 through December 16, 2024.

As of the July 15, 2025 date of value, there were 170 completed/closed homes (closed builder sales) with the sales to individual owners closing/recording from September 29, 2023 through July 9, 2025. Thus, individual owners owned 170 lots (Lots 221 to 226, 233 to 250 & 275 to 420) consisting of completed-closed homes, and D.R. Horton Los Angeles Holding Company, Inc. owned the remaining 40 lots (Lots 211 to 220, 227 to 232 & 251 to 274) consisting of the completed-unclosed homes, the homes under construction and the vacant lots. Subsequent to the builder sales, there have been no closed resales of these homes.

LOCATION MAP



## PROPERTY DATA

### LOCATION

The Pradera Pointe neighborhood is located along the west side of Leon Rd., extending south from Hornet Ave. to Olive Ave., in the unincorporated area of Winchester in Riverside County. This is in the northerly part of the Winchester area, ½ mile north of Domenigoni Parkway and ±3 miles to the east of the 215 Freeway.

### GENERAL AREA DESCRIPTION

To the north of Pradera Pointe, beyond Hornet Ave. and extending to Simpson Ave., is the Pradera Place neighborhood. This is a similar neighborhood of homes to Pradera Pointe, and is also being built by D.R. Horton but with slightly smaller home sizes ranging from 1,352 s.f. to 1,874 s.f. This neighborhood is farther along than Pradera Pointe, and closer to completing build-out.

Beyond Simpson Ave. to the north and northwest are three large settling ponds on an approximately 145-acre site owned and operated by Eastern Municipal Water District. Farther to the northwest is much vacant land with various outdoor storage and agricultural uses. To the northeast, at the northeast corner of Simpson Rd. and Leon Rd. is a vacant 10-acre parcel and then the newer neighborhood of Pleasant Valley Ranch by D.R. Horton. This community comprises 202 lots at 7,200 s.f. minimum size with two-story homes from 1,896 s.f. to 2,612 s.f. built from 2022 to 2024. Seven home sales in the last five months indicate prices from \$600,000 to \$700,000 for home sizes from 1,896 s.f. to 2,612 s.f.

To the east of Pradera Pointe, across Leon Rd., is a low-density residential area including mobile homes and permanent structures on larger lots with much vacant, agricultural land farther to the east. To the southeast is vacant land graded for residential development along the north side of the Salt Creek channel, which is a wide and shallow seasonal water course extending generally east-west through this area. Beyond the channel to the south are various newer neighborhoods along both sides of Domenigoni Pkwy.

To the south across Olive Ave. is the community of Olivebrook nearing sell-out by KB Home. The community includes 286 homes in three product lines, with 228 lots located north of the Salt Creek channel and 58 lots in a small area to the south of the channel. The minimum lot sizes are 5,000 s.f., 6,000 s.f. and 7,200 s.f. and overall home sizes range from 1,383 s.f. to 2,882 s.f. The model homes have been sold and there are just a few remaining production homes available for sale. South of the channel at the northwest corner of Domenigoni Pkwy. and Leon Rd. are several vacant parcels planned for future development, a 5-acre public park and a tract of 73 homes under construction by Beazer Homes.



**COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA)  
IMPROVEMENT AREA NO. 1  
OF ROMOLAND SCHOOL DISTRICT**





## **GENERAL AREA DESCRIPTION, Continuing**

To the west and northwest, is the community of La Ventana under construction by D.R. Horton. This neighborhood comprises 220 lots at 6,000 s.f. minimum size, a 5-acre park site and a 14.5-acre school site which is currently being re-entitled for future residential development. There are currently six floorplans of one- and two-story homes being built with sizes from 1,890 s.f. to 3,015 s.f. and base pricing from \$644,990 to \$738,990. Farther west is much vacant land with various proposals for future residential development.

## **LEGAL DESCRIPTION**

The taxable properties are generally described as:

Lots 211 to 420 of Tract No. 34677, in the County of Riverside, State of California, as per Map recorded in Book 475, Pages 92 through 105 of Maps, in the Office of the County Recorder of said County.

It is noted that Lot 288 is now described as Parcel A of Lot Line Adjustment No. LLA220033 and Lot 289 is now described as Parcel B of that lot line adjustment. Effectively, Parcel A comprises the west 43.58' (north side)/44.91' (south side) of Lot 288, and Parcel B comprises Lot 289 and the east 3.09' of Lot 288. For purposes of this appraisal, the 210 lots are referred to as Lots 211 through 420.

## **ASSESSOR DATA-2025/2026**

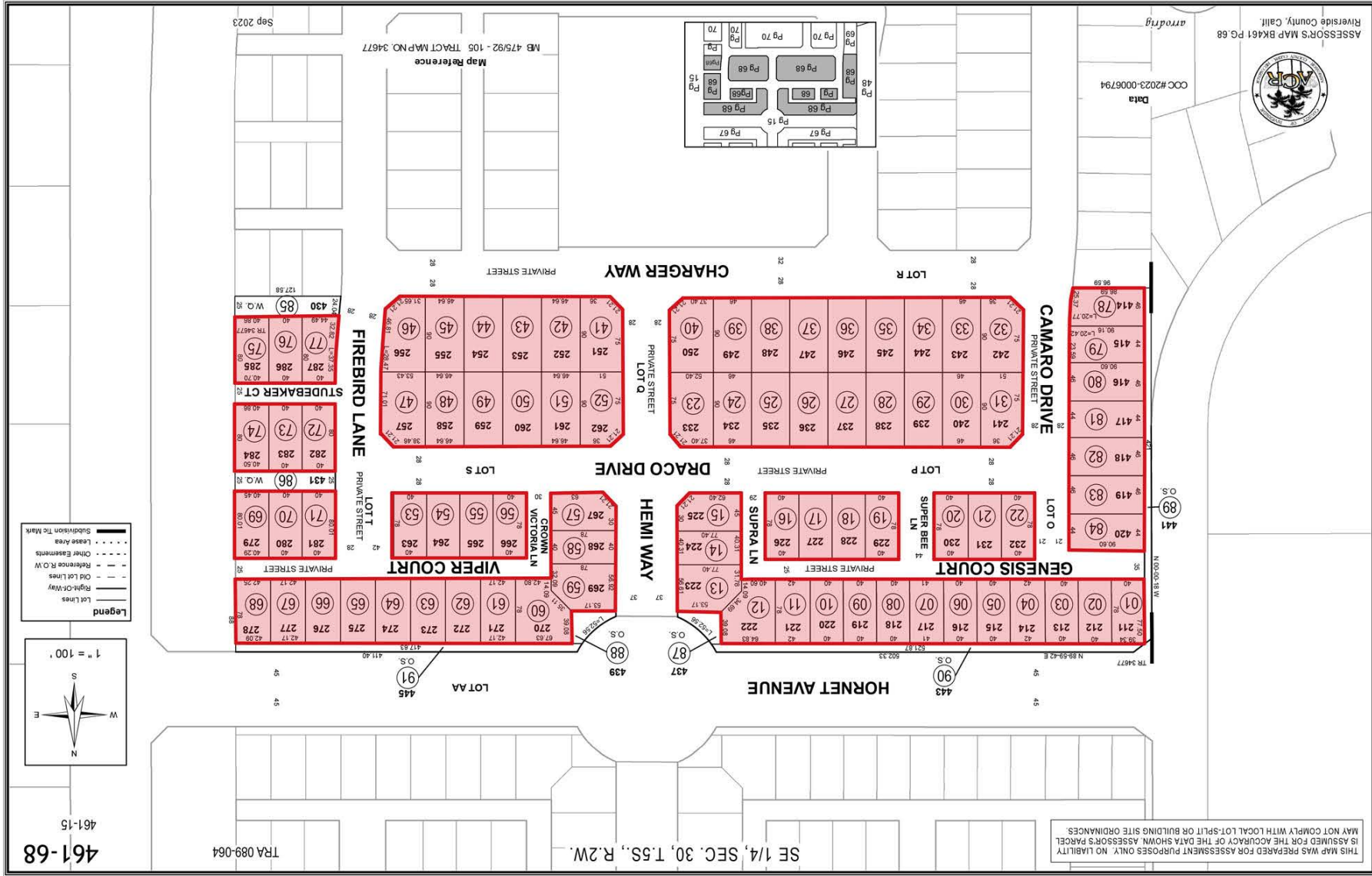
The 210 lots comprise the following Assessor Parcel Nos.:

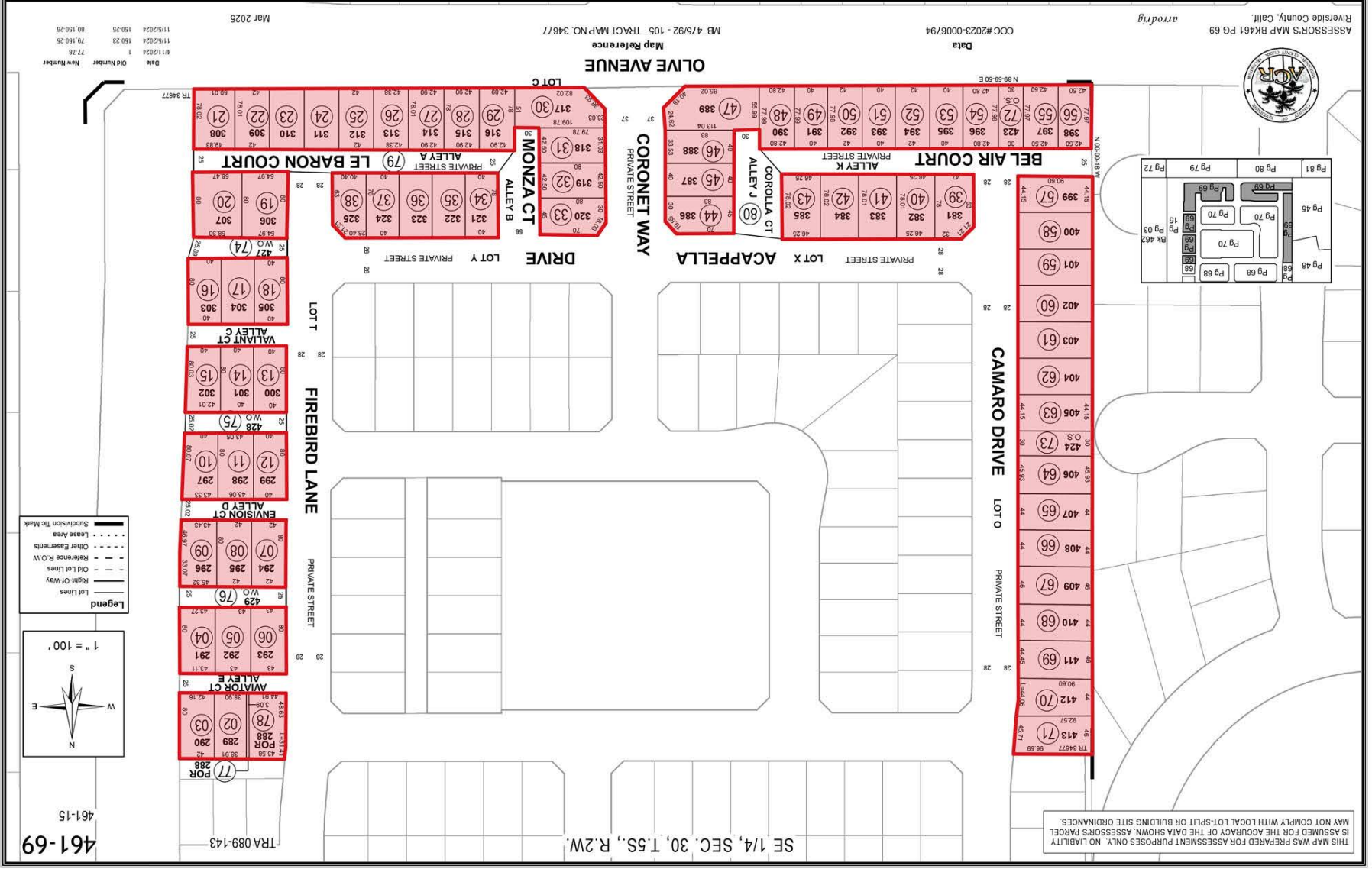
461-680-001 to 084  
461-690-002 to 071, 077 & 078  
461-700-001 to 055

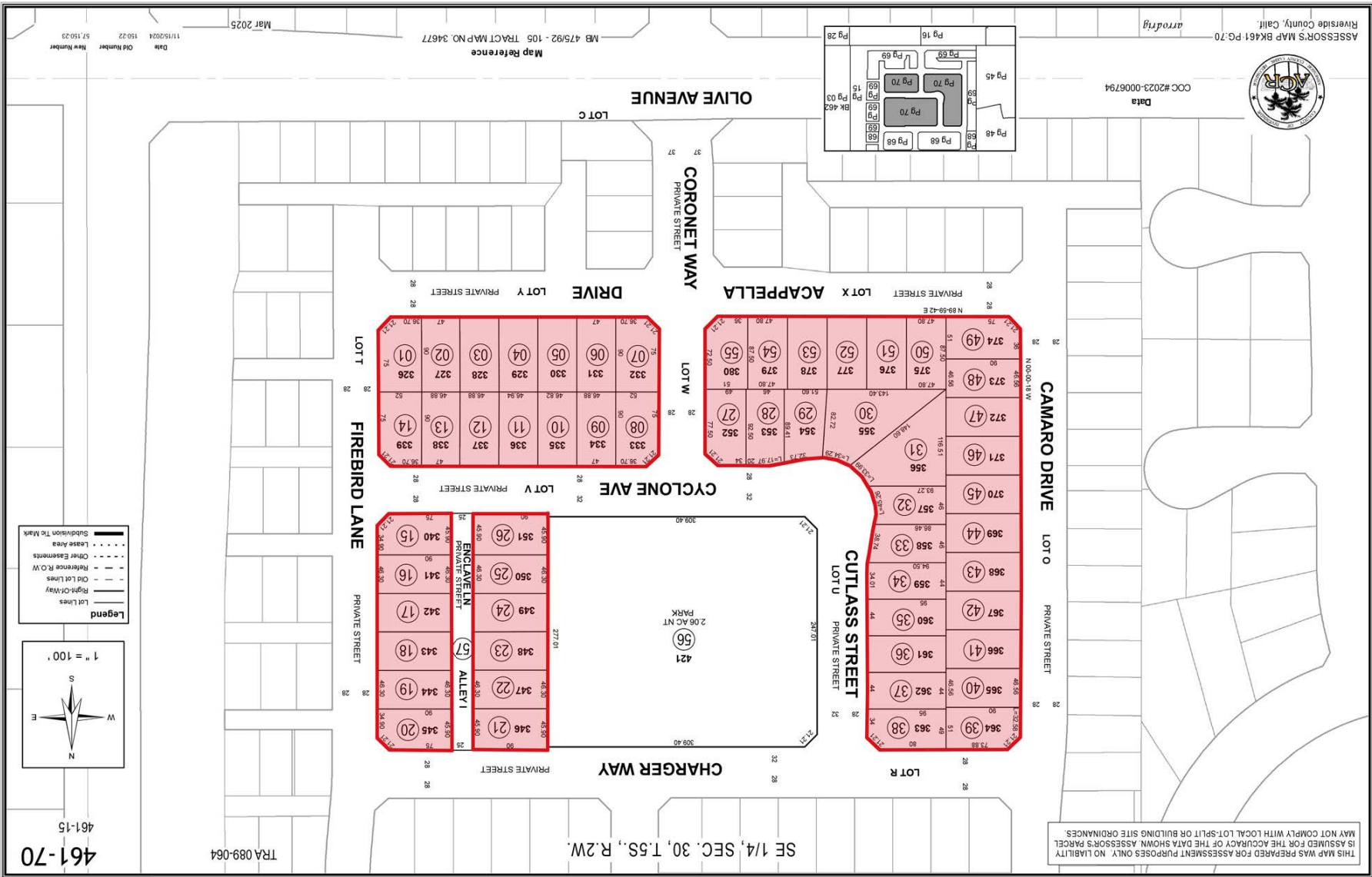
It is noted that Lot 289 comprises parcels 461-690-002 & 077, thus there are 211 Assessor parcels for the 210 lots.

The current assessed values for these parcels range from \$20,204 (land only) to \$642,990, or an average of \$407,442 (but reflecting that the assessed values for 28 parcels are of land only and assessed values for many others are of only partial home construction though the homes are now completed).

The tax rate area is 089-064 which had an indicated tax rate for 2024/25 of 1.07818%, but the effective tax rate including special taxes for this CFD and other overlapping debt is  $\pm 1.9\%$  based on the appraised average value for the completed-closed homes.







## **NO. OF LOTS/LOT SIZES**

This neighborhood comprises a total of 210 single-family lots, with a typical minimum size of  $\pm 3,120$  s.f., based on dimensions of 40' wide by 78' deep.

Per Assessor Data, the lot sizes range from 3,032 s.f. to 7,932 s.f., or an average of 3,825 s.f. However, it is noted that the smallest indicated lot sizes reflect actual sizes of 3,119 s.f. based on the lot dimensions from the Assessor maps.

## **STREETS AND ACCESS**

Primary access to Pradera Pointe is by Leon Rd. which will extend north from Domenigoni Parkway and along the east side of the neighborhood. Hornet Ave. extends west from Leon Rd. along the north side of the neighborhood, and Olive Ave. extends west from Leon Rd. along the south side of the neighborhood. Direct access into the neighborhood is by Hemi Way from Hornet Ave. and by Coronet Way from Olive Ave.

Leon Rd. is identified as a 130.5' right-of-way Arterial Urban Highway. Along the subject neighborhood it has been fully widened to include multiple future travel lanes, curb, gutter, and landscaped parkway with meandering sidewalk. There is a drainage channel between Leon Rd. and the subject neighborhood, which includes walking trails along both sides. Along the east side of Leon Rd. is one paved travel lane and dirt shoulder. It is noted that Leon Rd. is still under construction to the south of Olive Ave., and projected to be completed and opened by August 15, 2025.

Olive Ave. is identified as a 100' right-of-way Secondary Highway. Along the subject neighborhood it has been completed as a four-lane street with curb, gutter, landscaped parkway and sidewalk. It extends west to nearby La Ventana Rd., and east of Leon Rd. it is a narrow and poorly paved street.

Hornet Ave. is identified as a 74' right-of-way Collector. Along the subject neighborhood it has been completed as a wide two-lane street with curbs, gutters, sidewalks and landscaped parkways along both sides. In the center area between Leon Rd. and the west side of the neighborhood is a roundabout with a landscaped center area.

The in-tract streets on which the subject lots front include Genesis Ct., Viper Ct., Draco Dr., Studebaker Ct., Charger Way, Aviator Ct., Envision Ct., Cyclone Ave., Valiant St., Acappella Dr., Bel Air Ct., Le Baron Ct., Camaro Dr., Super Bee Ln., Supera Ln., Crown Victoria Ln., Firebird Ln., Cutlass St., Corolla Ct., Monza Ct. and Enclave Ln.

## **UTILITIES**

All utilities are available to service the Pradera Pointe neighborhood and have been installed in the in-tract streets as part of the land development work. The utilities are provided as follows:

- Water & Sewer: Eastern Municipal Water District
- Electric: Southern California Edison
- Gas: Southern California Gas Company

## **ZONING/SPECIFIC PLAN/AREA PLAN/APPROVALS**

The subject lots have zoning classifications of Specific Plan (Winchester Hills SP No. 293) Planning Areas 8B and 9B; land use designations of MHDR (Medium High Density Residential) and HDR (High Density Residential); and Area Plan designations of Harvest Valley/Winchester. These designations permit the single-family residential development that has been completed and is still under construction on the lots in the neighborhood.

The more specific approvals for the subject homes are by the approved final tract map for Tract No. 34677 which recorded on December 23, 2020.

## **SCHOOL DISTRICT/SCHOOLS**

The subject neighborhood is located in the Romoland School District and Perris Union High School District. It is served by Boulder Ridge Elementary School (2.5 miles to the northwest); Ethan A. Chase Middle School (1.25 miles to the northwest); and Heritage High School (2.75 miles to the north/northwest).

## **TOPOGRAPHY/VIEWS**

The land for the subject neighborhood is relatively flat and with a gradual slope down to the south toward the nearby Salt Creek Channel. As a result, there are no atypical views to any of the subject lots.

## **DRAINAGE/FLOOD HAZARD**

Drainage is to the streets and in curbs and other facilities that have been constructed within the neighborhood, including the drainage channel along the east side. Per FEMA Flood Zone Panel No. 060245-2080H dated April 19, 2017, the neighborhood is located in Zone X which indicates areas that are determined to be outside of the 100- and 500-year floodplains and out of the Special Flood Hazard Area.

## **FIRE HAZARD**

Per the updated 2025 CalFire Fire Hazard Severity Zone map, the westerly approximate two-thirds of the subject neighborhood is not located in a fire hazard severity zone, and the easterly approximate one-third is located in the Moderate Fire Hazard Severity Zone within a Local Responsibility Area. The prior CalFire map had indicated that all of the subject neighborhood was not located in a fire hazard severity zone, and the builder indicated that the change in the mapping did not require fire mitigation measures.

## **SOIL/GEOLOGIC/SEISMIC CONDITIONS**

The subject neighborhood is not located in an Alquist-Priolo Earthquake Fault Zone, and there are no known nearby active faults. The nearest active faults are the Temecula segment of the Elsinore Fault Zone located approximately 10 miles to the southwest and the San Jacinto Valley segment of the San Jacinto Fault Zone located within 10 miles to the northeast.

It has been assumed in this appraisal that all grading of the subject lots and overall community was properly completed, and any required mitigation for soil or geologic conditions was completed as part of the land development work. Thus, it is assumed that there are no soil, geologic or seismic conditions that would negatively impact the continued or planned use of the subject properties.

## **ENVIRONMENTAL CONDITIONS**

The builder indicated that no environmental mitigation measures were required as part of this project. It has been assumed in this appraisal that there are no environmental conditions, including endangered species or significant habitat, watercourses or wetlands that would negatively impact the continued or planned use of the subject properties.

## **TITLE REPORT**

An Amended Preliminary Report by Fidelity National Title dated October 25, 2024, covering property owned by BRPLD LLC and D.R. Horton Los Angeles Holding Company, Inc. at that time, has been reviewed. Pertinent exceptions to title pertaining to the subject properties in Improvement Area No. 1 of the subject CFD include the following:

- Notice of Special Tax Lien for CFD No. 03-1, Newport Road, recorded September 11, 2003.
- Notice of Special Tax Lien for CFD No. 14, Las Praderas, recorded November 27, 2018.
- Notice of Special Tax Lien for CFD No. 2023-1, Romoland School District (Improvement Area No. 1) recorded April 28, 2023.
- Notice of Special Tax Lien for CFD No. 2022-97, Eastern Municipal Water District (Improvement Area A) recorded May 2, 2023.
- Various easements for flood control and drainage purposes, electrical facilities, public utilities, park, open space, landscape maintenance, trail, and incidental purposes.

## **TITLE REPORT**, Continuing

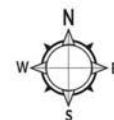
It is noted that these exceptions are fairly typical for a residential subdivision and project such as the subject neighborhood, and have been incorporated into the tract maps and assessments so as to provide for the lots to be developable with homes that have been completed, are currently under construction and proposed for future construction.



# Pradera Pointe



## LEGEND



Pradera Pointe · 30771 Draco Drive · Winchester, CA 92596 · 951-739-5492 · DRHorton.com/SoCal

Map is an artist's conception only and is not intended to be an actual depiction of the homes, lots, community amenities, paseo or landscaping. Map is not to scale. Lots vary in shape and size. Paseo amenities are subject to change. Equal Housing Opportunity. D.R. Horton Los Angeles Holding Company, Inc. – CA DRE License #01258550; Contractor's License #770126.

## DESCRIPTION OF HOMES/STATUS OF CONSTRUCTION

The 210 lots are being developed by D.R. Horton with a neighborhood of homes called Pradera Pointe. As of the July 15, 2025 date of value, there were 170 completed-closed homes (closed builder sales); 9 completed-unclosed homes (including the 3 models); 21 homes under construction of which 15 were considered to be an average of  $\pm 50\%$  completed and 6 of which were considered to be an average of  $\pm 25\%$  completed; and 10 vacant lots in near-finished condition.

(Note: The 170 completed-closed homes are Lots 221 to 226, 233 to 250 & 275 to 420; the 9 completed-unclosed homes are Lots 218 to 220, 227 to 229, 260, 261 & 267; the 15 homes under construction at  $\pm 50\%$  are Lots 211 to 217, 230 to 232, 266 & 268 to 271; the 6 homes under construction at  $\pm 25\%$  are Lots 263 to 265 & 272 to 274; and the 10 vacant lots are Lots 251 to 259 & 262.)

There are five floor plans, and per marketing information are described as follows:

**Plan 1 (Residence 1342):** 1,342 s.f., one-story, with 3 bedrooms, 2 baths, great room-dining area-kitchen, and laundry; plus 2-car garage and covered front porch.

**Plan 2 (Residence 1583):** 1,583 s.f., two-story, with 3 bedrooms, 2.5 baths; first floor has long entry, great room/eat-in kitchen and half bath; second floor has 3 bedrooms, 2 baths, loft and laundry; plus 2-car garage and covered front porch.

**Plan 3 (Residence 1835):** 1,835 s.f., two-story, with 4 bedrooms, 2.5 baths; first floor has long entry, great room-dining area-kitchen and half bath; second floor has 4 bedrooms, 2 baths, loft and laundry; plus 2-car garage and covered front porch.

**Plan 4 (Residence 2059):** 2,059 s.f., two-story, with 4 bedrooms, 3 baths; first floor has entry, great room-dining area-kitchen, bedroom and bath; second floor has 3 bedrooms, 2 baths, loft and laundry; plus 2-car garage and covered front porch.

**Plan 5 (Residence 2384):** 2,384 s.f., two-story, with 5 bedrooms, 3 baths; first floor has long entry, great room-dining area-kitchen, bedroom and bath; second floor has 4 bedrooms, 2 baths, loft and laundry; plus 2-car garage with extended storage area, and covered front porch.

Per building permit data, the sizes are 1,330 s.f. and 1,342 s.f. for Plan 1; 1,583 s.f. for Plan 2; 1,835 s.f. for Plan 3; 2,059 s.f. for Plan 4; and 2,384 s.f. for Plan 5. The 170 completed-closed homes have an average size of 1,903 s.f., and the 9 completed-unclosed homes have an average size of 1,887 s.f.

## AMENITIES/HOA

Pradera Pointe will include a 2.06-acre park in the center of the neighborhood which includes a large grass area, covered areas with picnic tables, playground, basketball court, and other landscaped areas. The park is scheduled to be completed by July 31, with an opening date of October 31, 2025. The monthly HOA dues are targeted to be \$120 at build-out.

## RESIDENTIAL MARKET OVERVIEW

Entering the third quarter of 2025, the Southern California housing market is being shaped by a complex variety of factors. While demand for housing remains high, and inventory is up as sellers are increasingly choosing to sell, slowing price growth and a slower pace of sales have been evident even during the typically busy Spring season. Many analysts eyeing 2025 have forecast slow but positive price growth in the market, supported by strong buyer demand and growing inventory levels. However, political and economic uncertainty, including evolving tariff, immigration and international policies, have led to fluctuating consumer confidence.

The Housing Forecast Midyear Update from Realtor.com released in July predicts that mortgage rates will remain higher than originally projected ending the year at 6.4%, up from earlier projections of 6.2%. Sales volume for existing homes, previously forecast for slight growth over the year is now expected to decrease 1.5% which would result in the slowest year for existing home sales since 1995. However, home prices are expected to remain relatively stable with a projected growth of 2.5% through the end of the year. Affordability remains a significant challenge for homebuyers with elevated mortgage rates and high home prices presenting significant hurdles for home purchases.

According to data provided by Freddie Mac, the average rate on a 30-year fixed loan opened the year at 6.91% and quickly peaked two weeks later at 7.04%. It has subsequently fluctuated in the high 6% range but remained under 7% since mid-January, most recently clocking in at 6.74% for week ending July 24, 2025. Mortgage rates are generally expected to hold steady in the latter part of 2025, though market response to concerns surrounding inflation, employment and ongoing changes in tariff policies may contribute to rate volatility in the near term.

Increases in available inventory have been a significant boon for buyers as a growing number of sellers are choosing to sell. Data provider Redfin reports that in June across California there were 114,022 homes for sale, up from 109,697 in May and up 17.6% year over year. Listings remained on the market for a median of 35 days, up from 31 days in May and 27 days in June 2024. The statewide median home sale price of \$866,900 for June 2025 was up from \$859,100 in May and up 0.9% year over year, and the number of homes sold at 24,453 for June 2025 was down slightly from 24,579 in May but up 1.4% year over year.

Statewide and national trends are reflected in Riverside County, with Redfin reporting 2,250 homes sold in June 2025, down from 2,354 homes sold in May, but up 4.0% year over year. Listings were on market for a median of 52 days, up from 48 days in May, and up 13 days year over year and the median price of \$615,000 for June 2025 reflected a \$5,000 increase from the May median and a 0.7% increase from June 2024.

## **RESIDENTIAL MARKET OVERVIEW, Continuing**

In the City of Menifee (within  $\frac{3}{4}$  mile to the west of Pradera Pointe's location in unincorporated County area), Redfin reports a median sale price of \$560,810 in June 2025, down from \$580,990 in May and down 3.3% year over year. A total of 150 homes were sold in June, up from 141 in May and up 4.9% from June 2024. The median number of days on market was 53, up sharply from 37 in May and up 19 days from the 34 reported in June 2024. On average, homes in the market sold at 99.7% of list price (down from 100.1% in May) with 36.0% of homes selling above list price (compared to 37.5% in May) and 35.6% of homes showing price drops (compared to 69.1% in May).

More specific to the subject Pradera Pointe neighborhood, home sales have been good as evidenced by the 40 closed builder sales thus far in 2025 (through July 9), plus 5 pending builder sales that were scheduled to close from late July through early September 2025.

## **HIGHEST AND BEST USE**

The term highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Furthermore, the highest and best use of land or a site as though vacant is defined as among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination.

In terms of legal permissibility, single-family residential development is permitted by the zoning/Specific Plan/Area Plan designations, and by the recorded final tract maps for the subject neighborhood. In terms of physical possibility, the lots within the subject neighborhood were graded to fairly flat buildable pads, and with all needed infrastructure of streets and utilities completed for the home construction.

In terms of the financial feasibility, as previously discussed in the Residential Market Overview, current market conditions evidence reasonably good demand for new and resale homes in this general area. This is also evident by the good builder sales activity in the subject neighborhood, as previously indicated with 40 closed builder sales thus far in 2025 (through July 9) plus 5 currently pending builder sales. In terms of the maximum productivity, this is represented by the homes that have been and are being built on the subject lots, with an appropriate array of home sizes, floor plans and pricing.

In summary, the highest and best use is concluded to be as improved for the completed homes, and as planned for completion of the homes under construction and for home construction on the vacant lots.

## VALUATION

### METHOD OF ANALYSIS

The analysis of the completed-closed homes is of the aggregate value on a mass appraisal basis, and by means of the Sales Comparison Approach. Consideration is given to the builder sales and any resales of the subject homes and the Pradera Place homes, to recent resales of similar homes in other nearby neighborhoods and to other similar new-home pricing. For the completed-unclosed homes, the analysis considers a discount due to the bulk ownership by the builder with the discount reflecting holding/sales costs, minor finishing costs and profit in order to sell off the homes.

For the homes under construction, a simplified Cost Approach is used in which the value is based on an estimate of construction costs expended plus the estimated value of the vacant lot. The analysis of the vacant lots is based on the Sales Comparison Approach, considering recent sales of residential land or bulk lots in the general area. The analysis is of the finished lot condition, and then deducting remaining costs and fees to get to this condition, resulting in a value for the as is near-finished condition.

### ANALYSIS OF COMPLETED-CLOSED HOMES

Builder Sales of Subject Homes: The builder sales of these 170 completed homes closed/recorded from September 29, 2023 through July 9, 2025 at net sale prices ranging from \$445,811 to \$616,468, or an average of \$512,412 for the average home size of 1,903 s.f., or \$269.27 per s.f. It is noted that the net sale price includes lot premiums and options, but deducts or is net of incentives which include price incentives/adjustments, interest rate buydown costs, and incentive toward buyer closing costs. The lot premiums averaged \$11,041, the options averaged \$10,367, and total incentives averaged \$33,616.

The contract dates when the closed sales were negotiated ranged from July 23, 2023 through June 8, 2025, with the closing dates previously noted from September 2023 and into July 2025. Based on the contract dates, the changes in average net pricing, premiums/options and total incentives over various periods of time are shown in the following table:

## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

<u>No. of Sales</u>	<u>Time Frame (Contract Dates)</u>	<u>Avg. Net Price</u>	<u>Avg Home Size (s.f.)</u>	<u>Price/s.f.</u>	<u>Avg. Prem./Opt.</u>	<u>Avg. Incentives</u>
170	Jul'23-Jun'25	\$512,412	1,903	\$269.27	\$21,408	(\$33,616)
34	Jul-Dec'23	\$490,543	1,874	\$261.76	\$20,199	(\$23,910)
37	Jan-Apr'24	\$503,033	1,852	\$271.62	\$21,206	(\$26,029)
39	May-Aug'24	\$516,893	1,861	\$277.75	\$17,887	(\$23,021)
24	Sep-Dec'24	\$538,262	1,948	\$276.32	\$32,153	(\$34,838)
19	Jan-Mar'25	\$531,437	2,071	\$256.61	\$25,350	(\$57,325)
<u>17</u> 170	Apr-Jun'25	\$508,525	1,912	\$265.96	\$12,771	(\$65,618)

It is noted that, when considering the differentials in the average home size, the net pricing increased through the end of 2024 but then has decreased into 2025. This reflects the significant increases in the average incentives for the sales negotiated in 2025, with the incentives reflected as a deduction in the net pricing.

Thus, with most weight given to the more recently negotiated sales, the indication at \$531,437 supports a firm upper limit of average value for all 170 closed sales due to the larger average home size of 2,071 s.f.; and the indication at \$508,525 supports a fairly close indication due to the slightly larger average home size of 1,912 s.f. being offset by the lower average lot premiums for these 17 homes than for all 170 homes on average. Conversely, due to the larger average home sizes and other factors, the indication at \$256.61 per s.f. supports a firm lower limit as an average value for the 170 homes and the indication at \$265.96 per s.f. supports a close lower limit, as follows:

1,903 s.f. @ \$256.61/s.f. = \$488,329 (firm lower limit)

1,903 s.f. @ \$265.96/s.f. = \$506,122 (close lower limit)

As of July 20, 2025 there were 5 pending builder sales, with closing dates scheduled from July 23 through September 5, 2025. Other pertinent information is shown as follows:

<u>No. of Sales</u>	<u>Time Frame (Contract Dates)</u>	<u>Avg. Net Price</u>	<u>Avg Home Size (s.f.)</u>	<u>Price/s.f.</u>	<u>Avg. Prem./Opt.</u>	<u>Avg. Incentives</u>
5	6/12/25 – 7/20/25	\$509,225	1,829	\$278.42	\$3,410	(\$53,575)

Considering the average home size, the average net price reflects a slight increase from the most recently negotiated closed sales, and also with lower lot premiums as

## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

well as a lower amount of average incentives. Due to the smaller average home size, the indication at \$509,225 supports a firm lower limit of average value for the 170 completed-closed homes, and conversely the indication at \$278.42 per s.f. supports a firm upper limit, as follows:

$$1,903 \text{ s.f. @ } \$278.42/\text{s.f.} = \$529,833$$

Builder Sales of Pradera Place Homes: As previously discussed, this is a fairly similar product type of homes by D.R. Horton that are being built in the neighborhood directly to the north of the subject Pradera Pointe neighborhood. While these homes are smaller in average size, at least partially offsetting factors are that these homes come with washer/dryer, refrigerator, window coverings and backyard landscaping. The more recently negotiated builder sales indicate the following:

<u>No. of Sales</u>	<u>Time Frame (Contract Dates)</u>	<u>Avg. Net Price</u>	<u>Avg Home Size (s.f.)</u>	<u>Price/s.f.</u>	<u>Avg. Prem./Opt.</u>	<u>Avg. Incentives</u>
21	Jan-Mar'25	\$499,716	1,582	\$315.88	\$20,897	(\$50,933)
18	Apr-May'25	\$497,486	1,615	\$308.04	\$15,046	(\$75,717)

As noted above, the smaller size is at least partially offset by the inclusion of the other items in the sale price. Thus, the indications at \$497,486 to \$499,716 support close but firm lower limits as an average value for the subject homes.

In addition, there are 9 pending builder sales of the Pradera Place homes with contract dates from May 29 through July 10, 2025 that indicate an average net price of \$494,696 for an average home size of 1,672 s.f. Similar to the discussion above, this is considered to support a close but firm lower limit indication of average value for the subject Pradera Pointe homes.

Resales of Pradera Place Homes: There have been three resales of homes in the Pradera Place neighborhood, two closed and one pending, that are shown in the following table:

<u>No.</u>	<u>Location</u>	<u>COE Date</u>	<u>Sale Price</u>	<u>Home Size</u>	<u>BR/BA</u>	<u>Stories</u>	<u>Comments</u>
1	28498 Scorpion Ln.	9/3/24	\$530,000	1,575	3/2.5	2	Good/typ. cond; min. rear landscape
2	30907 Challenger Ct.	7/10/25	\$535,000	1,774	4/2.5	2	Good/typ. cond; min. rear landscape
3	30883 Challenger Ct.	Pending	<u>±\$500,000</u>	<u>1,375</u>	3/2.5	2	Good/typ. cond; min. rear landscape
		Avg.	\$521,667	1,575			

## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

Initially it is noted that these prices are significantly higher than the original net prices from the builder sales that ranged from \$455,030 to \$467,857, and that closed in December 2023 and February 2024. Similar to the previous discussion, while the average home size at 1,575 s.f. is much smaller than the average of 1,903 s.f. for the 170 completed-closed subject homes, the other factors are at least partially offsetting, though likely less so with many of the subject homes now including window coverings and backyard landscaping. Thus, the indication at \$521,667 could tend to result in a close lower limit indication of average value for the subject Pradera Pointe homes.

Sales of Homes from Nearby Neighborhoods: The first group of sales is from the Olivebrook neighborhood which is across Olive Ave. directly to the south of Pradera Pointe. The sales are shown in the following table:

<u>No.</u>	<u>Address</u>	<u>COE Date</u>	<u>Sale Price*</u>	<u>Home Size</u>	<u>Yr. Blt.</u>	<u>BR/ BA</u>	<u>Stories/ Garages</u>	<u>Lot Size</u>	<u>Comments</u>
1	29273 Soffel Ln.	3/14/25	\$554,400	2,033	2023	4/2	1 2	6,499	Good cond/upgraded; no rear landscape; \$600 seller concessions
2	30916 Flintrock Ln.	6/25/25	\$583,000	1,751	2023	3/2	1 2	6,229	Typical; no seller concessions
3	29120 Cahill Ct.	7/7/25	\$605,000	1,771	2023	4/2	1 2	5,131	Typical; no seller concessions
4	30945 Alister Ln.	7/11/25	<u>\$565,000</u>	<u>2,033</u>	2023	4/2	1 2	6,085	Typical; no seller concessions
		Avg.	\$576,850	1,897					

\*Net of concessions

While the average size of these sales is fairly similar to the average size of the subject homes at 1,903 s.f., these sales are far superior in terms of the much larger lot sizes from 5,131 s.f. to 6,499 s.f., and also the desirable factor of being all one-story floor plans. Thus, the indication at \$576,850 supports a far upper limit as an average value for the subject homes.

A second nearby community for comparison is called The Skyes (Copper Skye and Opal Skye at Outlook). It is located along the south side of Domenigoni Pkwy., to the west and east of Frontier Loop Rd., which is nearby to the east of Leon Rd. and less than a mile to the southeast of Pradera Pointe. There has been one recent closed sale which is shown as follows:

<u>No.</u>	<u>Address</u>	<u>COE Date</u>	<u>Sale Price</u>	<u>Home Size</u>	<u>Yr. Blt.</u>	<u>BR/ BA</u>	<u>Stories/ Garages</u>	<u>Lot Size</u>	<u>Comments</u>
1	29518 Marx Way	4/7/25	\$506,500	1,397	2022	3/2.5	2 2	n/a	Good/upgraded condition; corner lot; seller concessions unknown



## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

The home size is much smaller than the average size of the subject homes, but this is offset by the location within a gated community that includes a clubhouse, pool/spa and tot lot. The approximate lot size in the small-lot configuration is also fairly similar to the subjects. Overall, the indication at \$506,500 supports a firm lower limit indication as an average value for the subject homes.

Lastly, recent sales are considered from the neighborhood called The Village at Menifee Town Center, located north from La Piedra Rd. and nearby to the east of Town Center Dr., or about 3 miles southwesterly of the subject neighborhood. The sales are shown in the following table:

No.	Address	COE Date	Sale Price*	Home Size	Yr. Blt.	BR/ BA	Stories/ Garages	Lot Size	Comments	
1	30374 Village Knoll Dr.	3/14/25	\$544,700	1,937	2018	3/2.5	2/2	3,201	Good/upgraded condition; \$12,600 seller concessions	
2	30441 Village Terrace Dr.	5/20/25	\$533,800	1,937	2020	3/2.5	2/2	3,062	Upgraded; solar owned; \$1,200 seller concessions	
3	30469 Village Knoll Dr.	6/27/25	\$529,500	1,606	2019	3/2.5	2/2	3,402	Good/typical condition; \$20,000 seller concessions	
4	30441 Village Knoll Dr.	7/24/25	<u>\$528,000</u>	<u>1,937</u>	2018	3/2.5	2/2	3,058	Good cond./some upgrades; \$7,000 seller concessions	
		Avg.	\$534,000	1,854						*Net of concessions

In comparison to the subject completed-closed homes, the location of these sales is considered to be superior in the Menifee Town Center area; the average home size of 1,854 s.f. is slightly smaller than the subject average at 1,903 s.f.; the ages of the sales from 5 to 7 years is slightly inferior; the mostly upgraded condition is assumed to be similar to slightly superior to the subjects on average; the lot sizes are fairly similar; and the neighborhood/community amenities are superior. Overall, it is concluded that these sales support a firm upper limit indication of average value for the subject homes at \$534,000.

Other New-Home Builder Pricing: Lastly, a survey was made of current base pricing in other fairly similar new-home/small-lot neighborhoods in the general area, which is shown in the following table along with the base pricing of the subject homes:

## ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing

<u>Project</u>	<u>Min. Lot Size (s.f.)</u>	<u>CFD</u>	<u>Floor Plan (s.f.)</u>	<u>Stories</u>	<u>BR/BA</u>	<u>Garage</u>	<u>Base Price</u>
Pradera Pointe (D.R. Horton/Express Series), Winchester	±3,120	Yes	1,342 s.f.	1	3/2	2	N/A
			1,583 s.f.	2	3/2	2	\$543,490
			1,835 s.f.	2	4/2.5	2	\$563,490
			2,059 s.f.	2	4/3	2	\$584,990
			2,384 s.f.	2	5/3	2	N/A
Pradera Place (D.R. Horton/Express Series), Winchester	±3,120	Yes	1,352 s.f.	1	3/2	2	\$537,990
			1,378 s.f.	2	3/2.5	2	\$526,990
			1,575 s.f.	2	3/2.5	2	\$556,990
			1,775 s.f.	2	4/2.5	2	\$576,990
			1,874 s.f.	2	5/3	2	\$580,990
Courts (Taylor Morrison) Winchester	±2,500	Yes	1,846 s.f.	2	3/2.5	2	\$489,990
			2,151 s.f.	2	4/2.5	2	\$509,990
			2,375 s.f.	2	4/3	2	\$580,990
Acadia (Beazer Homes) Winchester	±3,600	Yes	2,033 s.f.	2	3/2.5	2	\$569,990
			2,274 s.f.	2	3-4/2.5	2	\$589,990
			2,503 s.f.	2	4/3	2	\$619,990
The Village (Century Communities) Menifee	±2,400	Yes	2,021 s.f.	2	3/2.5	2	\$536,990
			2,220 s.f.	2	4/3	2	\$568,990
			2,420 s.f.	2	4/3	2	\$586,990
Riverwalk Village at Town Center (Richmond American), Menifee	±3,000	Yes	1,390 s.f.	2	3/2.5	2	\$542,990
			1,500 s.f.	2	3/2.5	2	\$547,990
			1,650 s.f.	2	4/2.5	2	\$565,990
			1,790 s.f.	2	4/2.5	2	\$579,990

It is noted that Pradera Place and The Village are located in Romoland School District/Perris Union High School District (same as the subject); Courts and Acadia are located in Hemet Unified School District; and Riverwalk Village at Town Center is located in Menifee Union Elementary School District/Perris Union High School District. In addition, it is noted that the general community amenities of Pradera Place, Courts, Acadia and The Village are fairly similar to the subject, and Riverwalk Village at Town Center is superior and part of a larger planned community. Lastly, it is noted that all of these projects have the similar factor of CFD's, and the lot sizes range from smaller to slightly larger than the subject.

As a general comparison to the subject Pradera Pointe homes, the indicated base pricing of the other projects is considered to be relatively supportive of the indicated subject base pricing when considering factors of location and lot sizes. However, it is also noted that these indications of base pricing do not reflect the effect of the amount of incentives or concessions that are negotiated into the actual/final net sale pricing. Thus, this data tends to be of general interest.

## **ANALYSIS OF COMPLETED-CLOSED HOMES, Continuing**

Conclusion: In summary, the indications of average value from the builder sales of the subject homes are firm lower limits at \$488,329 and \$509,225, a close indication at \$508,525, and firm upper limits at \$529,833 and \$531,437; from recent builder sales of the Pradera Place product type homes are close but firm lower limits from \$494,696 to \$499,716; from resales of homes in Pradera Place a close lower limit at \$521,667; and from resales of homes in the general area a firm lower limit at \$506,500, a firm upper limit at \$534,000, and a far upper limit at \$576,850.

Greatest weight is given to the builder sales of the subject homes, with good support from the other data for even slightly higher prices. The conclusion is an average value of \$510,000 for the 170 completed-closed homes.

## **ANALYSIS OF COMPLETED-UNCLOSED HOMES**

These 9 homes include 6 production homes or standing inventory and the 3 models, with an average size of 1,887 s.f., which is slightly smaller than the 1,903 s.f. average of the completed-closed homes. It is noted that there are pending builder sales on 4 of the 6 standing inventory homes that are scheduled to close in late July and late August 2025. Considering the slightly smaller average size, but also that 3 of these are the upgraded model homes, the initial conclusion is similar to the completed-closed homes, or an average of \$510,000.

Then, a discount of 20% is made due to being part of the bulk ownership by the builder, and reflecting sell-off time, holding/sales costs, minor finishing costs and profit. This results in a discounted amount of \$408,000, rounded to \$410,000 for the 9 completed-unclosed homes.

## **ANALYSIS OF HOMES UNDER CONSTRUCTION**

For the 15 homes considered at  $\pm 50\%$  completion, I have used a cost amount of 50% of direct costs estimated to be  $\pm \$90.00$  per s.f. for these homes, or \$45.00 per s.f. This is applied to the average home size of 1,828 s.f. for these 15 homes, or an amount of \$82,260. This is added to the estimated value of \$215,000 for the vacant lot (as discussed in the following Analysis of Vacant Lots), resulting in a total of \$297,260, rounded to \$295,000 as an average for these 15 homes.

For the 6 homes considered to be an average of  $\pm 25\%$  completed, a cost amount of 25% of  $\pm \$90.00$  per s.f., or \$22.50 per s.f. is applied to the average home size of 1,863 s.f. for these 6 homes, resulting in an amount of \$41,918. This is added to the estimated value of \$215,000 for the vacant lot, resulting in a total of \$256,918, rounded to \$255,000 as an average for these 6 homes.

## ANALYSIS OF VACANT LOTS – FINISHED LOT VALUE

This analysis is pertinent to the vacant lots, as well as to the lot value allocated to the homes under construction. The pertinent land sales data is shown in the following table, with discussion and analysis of the data thereafter.

No.	Location/APN	Rec. Date	No. Lots Min Size	Price/Lot Price/Fin Lot	Remarks
1	W/S Bradley Rd., ±250' N/O Lazy Creek Rd., Menifee 338-150-031 & 046	12/11/23	198 3,000	\$111,503 \$225,000	Riverwalk Village; vacant, flat land in unimproved condition; entitled and ready to pull grading permit; CFD
2	S/S Winchester Hills Dr., La Ventana Rd. to Encelia Ln., Winchester 461-710, 711, 712 & 713	9/18/24	72 3,600	\$124,833 \$242,000	La Ventana; vacant flat land in rough graded condition with recorded tract map; likely CFD
3	N/S Winchester Hill Dr., west from Leon Rd., Winchester 461-160-052,053	10/18/24	164 Det. Condo	\$97,527 \$184,000	Creekstone; vacant, flat, unimproved land entitled for 65 detached condos and 99 triplex homes; likely CFD
4	SEC Evans Rd. & Park West Dr., Perris 310-180-072	12/3/24	184 5,000	\$187,383 \$255,000	Park West; lots in blue-top condition with final tract map ready to record; existing CFD; buyer plans 1,262-2,401 sf homes, \$574,000 average
5	NWC Domenigoni Pkwy & Prairie Loop Rd., Winchester 461-820-001 & 461-840-001	1/3/25	186 Cluster	\$172,661 \$250,000	The Woods; lots in blue-topped condition with approved final map; to be CFD
6	NWC Menifee Rd. & Rouse Rd., Menifee 331-250-028,029&030	1/14/25	162 Attached	\$97,531 \$176,000	Heritage Village; vacant, flat unimproved land; entitled for 162 two-story townhomes; homes to range from 918-1,336 s.f.; CFD

**Data No. 1** is located on the west side of Bradley Rd., ±250' north of Lazy Creek Rd. in Menifee, and extending north to the Salt Creek Channel. This project is called River Walk Village, and consisted of 14.31 acres of vacant and fairly flat land in unimproved condition; with all entitlements and ready to pull the grading permit for 198 lots, ±3,000 s.f. minimum size; for detached homes in a condominium plan; and with a CFD to be formed by the buyer. The sale to Richmond American Homes recorded on December 11, 2023 at the indicated price of \$22,077,500 or \$111,503 per lot for the as is condition, with finished lots estimated at \$225,000 per lot. The homes range in size from 1,390 s.f. to 1,790 s.f., with pricing from the high \$400,000's to high \$500,000's, and amenities of pool, clubhouse, parks and playgrounds.

In comparison to the subject, the date of sale/market conditions is slightly inferior; the central Menifee location is superior; the lot sizes are fairly similar; the neighborhood amenities are superior; the unimproved physical condition at time of sale was inferior due to the time and risk to get to finished/buildable condition; and the CFD factor is similar. Overall, downward adjustments for the superior location and amenities are partially offset by upward adjustments for the inferior date of

## ANALYSIS OF VACANT LOTS – FINISHED LOT VALUE, Continuing

sale/market conditions and physical condition, resulting in a close upper limit indication of value for the subject lots at \$225,000 per finished lot.

**Data No. 2** is located on the south side of Winchester Hills Dr., extending east from La Ventana Rd. to Encelia Ln. in the unincorporated Winchester area, nearby to the north of Domenigoni Pkwy. and  $\pm$ .25 mile west of Leon Rd. It consisted of vacant and fairly flat land in mass graded condition, with a recorded tract map for 72 lots,  $\pm$ 3,600 s.f. minimum size, and was likely to have a CFD. The sale to a land bank on behalf of Beazer Homes recorded on September 18, 2024 at the price of \$8,988,000 or \$124,833 per lot for the as is condition, and based on a price of \$242,000 per finished lot.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is similar; the minimum lot sizes are slightly larger; the unimproved physical condition of the land was inferior; and the likely CFD is similar. Overall, downward adjustments for the superior date of sale/market conditions and larger lot sizes are only partially offset by an upward adjustment for the inferior physical condition, resulting in a firm upper limit indication of value for the subject lots at \$242,000 per finished lot.

**Data No. 3** is located on the north side of Winchester Hills Dr., west from Leon Rd., in the northerly part of unincorporated Winchester area and nearby to the north of Domenigoni Pkwy. The property consisted of 14.9 acres of vacant, fairly flat and unimproved land that was entitled for 164 residential units comprised of 65 six-pack cluster detached homes and 99 bungalow-style detached tri-plex homes (including detached garages and one unit above the garages), and with a likely CFD. The sale to KB Home closed in October 2024 at the price of \$15,994,500 or \$97,527 per lot in unimproved condition, with finished lots estimated at \$184,000 per lot.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is similar; the lot sizes are effectively smaller and the product type is inferior as a less desirable tri-plex type of home comprising a majority of the units; the unimproved condition of the land was inferior; and the CFD factor is similar. Overall, upward adjustments for the inferior lot sizes/product type and physical condition of the land are only slightly offset by a downward adjustment for the superior date of sale/market conditions, resulting in a firm lower limit indication for the subject lots at \$184,000 per finished lot.

**Data No. 4** is located at the southeast corner of Evans Rd. and Park West Dr., nearby to the south of Nuevo Rd., in the City of Perris, in the master-planned community of Park West. It consists of 184 lots, 5,000 s.f. minimum size, that were in blue-topped condition, with a final tract map ready to record, and an existing CFD. The sale to KB Home was negotiated in July 2024 and closed in December 2024 at the price of \$34,478,500 or \$187,383 per lot for the as is condition, with finished lots estimated

## ANALYSIS OF VACANT LOTS – FINISHED LOT VALUE, Continuing

at \$255,000 per finished lot. The buyer planned homes ranging from 1,262 s.f. to 2,401 s.f., with average projected pricing of \$574,000, indicating a finished lot ratio of 44%.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is considered to be superior in a planned community; the minimum lot sizes are much larger; the unimproved physical condition of the land was inferior; and the CFD is similar. Overall, downward adjustments for the superior factors of date of sale/market conditions, location and much larger lots are slightly offset by an upward adjustment for the inferior physical condition, resulting in a far upper limit indication of value for the subject at \$255,000 per finished lot.

**Data No. 5** is located at the northwest corner of Domenigoni Pkwy. and Prairie Loop Rd. in unincorporated Winchester. It is a project called The Woods that consists of 186 cluster lots, generally 2,500 s.f. to 4,000 s.f. in size and clustered around a shared driveway, that were in blue-topped condition, with a final tract map ready to record, and likely to be a CFD. The sale to Richmond American Homes was negotiated in November 2024 and closed in early January 2025 at the price of \$32,115,000 or \$172,661 per lot for the as is condition, with finished lots estimated at \$250,000 per finished lot.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is similar; the lot sizes are fairly similar; the blue-topped condition of the lots is slightly inferior; and the CFD is similar. Overall, a downward adjustment for the superior date of sale/market conditions is only slightly offset by an upward adjustment for the inferior physical condition, resulting in a firm upper limit indication of value for the subject at \$250,000 per finished lot.

**Data No. 6** is located at the northwest corner of Menifee Rd. and Rouse Rd., in the northeast part of Menifee. The property consisted of  $\pm 7.5$  acres of vacant and fairly flat land in unimproved condition, that was entitled for 162 two-story townhomes, with sizes ranging from 918 s.f. to 1,336 s.f., and with a CFD. The sale to Lennar Homes closed in January 2025 at an indicated price of \$15,800,000 or \$97,531 per lot for the as is condition, and based on \$176,000 per finished lot. The buyer planned to develop the project to be called Heritage Village.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is considered to be slightly superior; the attached townhome lots and much smaller planned attached townhome product are far inferior; the unimproved physical condition at time of sale was inferior; and the CFD factor is similar. Overall, upward adjustments for the far inferior lot size/product type and inferior physical condition are only slightly offset by downward adjustments for the date of sale/market conditions and location, resulting in a far lower limit indication of value for the subject lots at \$176,000 per finished lot.

## ANALYSIS OF VACANT LOTS – FINISHED LOT VALUE, Continuing

In summary, on a finished lot basis the analysis of the data supports a far lower limit indication of value at \$176,000; a firm lower limit indication at \$184,000; a close upper limit indication at \$225,000; firm upper limit indications at \$242,000 and \$250,000; and a far upper limit indication at \$255,000.

An alternative analysis is by the finished lot ratio, which is calculated by the finished lot price divided by the projected or proforma average home price. A typical finished lot ratio indicated from recent residential land sales data is in the range of 38-46%. Considering the range of 42-43% reflecting current softer market conditions but also reflecting the relatively lower-priced subject homes, and applied to an average home price of \$510,000 (average value previously concluded for the completed-closed homes), the resulting indication as follows:

$$\$510,000 \times .42-.43 = \$214,200 \text{ to } \$219,300/\text{finished lot}$$

The conclusion for the subject lots is \$215,000 per lot if in finished condition.

## DEDUCTION OF COSTS TO COMPLETE

Then, a deduction is made for the remaining land development costs plus development impact and other fees to get all lots to a fully finished condition. Per information provided by the builder, the land development work is completed and the remaining costs are fees in the amount of \$250,589 that are applicable to the 10 vacant lots.

## CONCLUSION FOR VACANT LOTS – AS IS CONDITION

Thus, relative to the 10 vacant lots, the following indication results:

10 vacant lots, if in finished condition @ \$215,000/lot =	\$2,150,000
Less remaining costs to complete:	<u>- 250,589</u>
Value, As Is Condition:	\$1,899,411

Rd. \$1,900,000

## CONCLUSION OF VALUE

Based on the foregoing, the total value indication for the subject neighborhood in the as is condition, is calculated as follows:

170 completed-closed homes @ \$510,000 =	\$86,700,000
9 completed-unclosed homes @ \$410,000 =	\$ 3,690,000
15 homes, ±50% completed @ \$295,000 =	\$ 4,425,000
6 homes, ±25% completed @ \$255,000 =	\$ 1,530,000
10 vacant lots =	<u>\$ 1,900,000</u>
Value Indication, As Is Condition:	\$98,245,000

## **CONCLUSION OF VALUE, Continuing**

Thus, as the result of this analysis, I have arrived at the following overall conclusion of market value for the as is condition of the subject Pradera Pointe neighborhood, subject to the Assumptions and Limiting Conditions, and as of July 15, 2025:

**\$98,245,000**

**(NINETY-EIGHT MILLION TWO HUNDRED FORTY-FIVE THOUSAND DOLLARS)**



## **ADDENDA**

# **QUALIFICATIONS OF STEPHEN G. WHITE, MAI**

## **PROFESSIONAL EXPERIENCE**

Real Estate Appraiser since 1976.

1983 through current date: Self-employed; office located at 1801 Lexington Dr., Fullerton, CA 92835 (Phone: 714-738-1595)

1976-1982: Employed by Cedric A. White, Jr., MAI, independent appraiser located in Anaheim.

Real estate appraisals have been completed on most types of properties for purposes of fair market value, leased fee value, leasehold value, easement value, partial acquisitions and severance damages.

## **PROFESSIONAL ORGANIZATIONS**

Designated Member, Appraisal Institute; MAI designation obtained 1985

Affiliate Member, Pacific West Association of Realtors

## **LICENSES**

Licensed by the State of California as a Certified General Real Estate Appraiser; BREID No. AG013311; valid through September 22, 2026.

## **EDUCATION**

B.A. Economics & Business, Westmont College, Santa Barbara (1976)

Appraisal Institute Courses:

Basic Appraisal Principles, Methods and Techniques

Capitalization Theory and Techniques

Urban Properties

Litigation Valuation

Standards of Professional Appraisal Practice

Numerous seminars and continuing education on various appraisal subjects, including valuation of easements and leased fee interests, litigation, the money market and its impact on real estate, and standards of professional appraisal practice.

## **COURT/TESTIMONY EXPERIENCE**

Qualified as an expert witness in the Superior Courts of Orange, Los Angeles, Riverside and San Bernardino Counties; also for the Assessment Appeals Board of Orange and Los Angeles Counties.

## **TYPES OF PROPERTY APPRAISED**

**Residential:** vacant lots, acreage and subdivisions; single family residences, condominiums, townhomes and apartment complexes.

**Commercial:** vacant lots/acreage; office buildings, retail/shopping centers, restaurants, hotels/motels.

**Industrial:** vacant lots and acreage; warehouses, manufacturing buildings, R&D buildings, industrial parks, mini-warehouses.

**Special Purpose:** mobilehome parks, churches, automobile agencies, medical buildings, convalescent hospitals, easements, leased fee and leasehold interests.

## QUALIFICATIONS, Page 2

### CLIENT LIST

#### **Corporations:**

Aera Energy  
British Pacific Properties  
BSI Consultants  
Crown Central Petroleum  
Firestone Building Materials  
Foodmaker Realty Corp.  
Greyhound Lines  
Holiday Rambler Corp.  
International Baking Co.  
Johnson Controls  
Kampgrounds of America  
Knowlwood Restaurants  
Kroger Company

La Habra Products, Inc.  
MCP Foods  
Orangeland RV Park  
Pacific Scientific  
Penhall International  
Pic 'N Save Stores  
Sargent-Fletcher Co.  
Shell-Western E&P  
Southern Distributors Corp.  
Southern California Edison  
The Home Depot  
Tooley and Company  
Wastewater Disposal Co.

#### **Developers:**

Brighton Homes  
BRIDGE Housing  
Brookfield  
Citation Builders  
Davison-Ferguson Investment Devel.  
D.T. Smith Homes  
Irvine Company

Kathryn Thompson Developers  
Mission Viejo Co.  
Premier Homes  
Presley Homes  
Rockefeller & Associates  
Taylor Woodrow Homes  
Unocal Land & Development

#### **Law Firms:**

Atkinson, Andelson, Loya, Ruud & Romo  
Baldikoski, Klotz & Dragonette  
Best, Best & Krieger LLP  
Bowie, Arneson, Wiles & Giannone  
Bye, Hatcher & Piggott  
Callahan, McCune & Willis  
Cooksey, Coleman & Howard  
Dawson & Dawson  
Hamilton & Samuels  
Horgan, Rosen, Beckham & Coren  
Kirkland & Ellis  
Latham & Watkins LLP  
McKee, Charles C.  
Mosich, Nicholas J.  
Long, David M.  
Nossaman, Guthner, Knox & Elliott, LLP

Oliver, Barr & Vose  
Ollestad, Freedman & Taylor  
Palmieri, Tyler, Wiener, Wilhelm &  
Waldron LLP  
Paul, Hastings, Jonofsky &  
Walker LLP  
Piggott, George B.  
Pothier, Rose  
Rosenthal & Zimmerman  
Ross Wersching & Wolcott LLP  
Rutan & Tucker, LLP  
Sikora & Price, Inc.  
Smith & Politiski  
Williams, Gerold G.  
Woodruff, Spradlin & Smart, P.C.  
Yates, Sealy M.

#### **Financial Institutions:**

Ahmanson Trust Company  
Barclays Bank  
Chino Valley Bank  
Continental Bank  
First Interstate Mortgage  
First Niagara Bank  
First Wisconsin Bank

NorthMarq  
Pacific Western Bank  
San Clemente Savings & Loan  
Security Pacific Bank  
Sunwest Bank  
United Calif. Savings Bank  
Washington Square Capital

## QUALIFICATIONS, Page 3

### Cities:

Anaheim	Laguna Beach	San Diego
Baldwin Park	Lake Elsinore	San Marino
Buena Park	Long Beach	Santa Ana
City of Industry	Mission Viejo	Santee
Cypress	Orange	Seal Beach
Dana Point	Palm Desert	Stanton
Duarte	Placentia	Temecula
Fontana	Rialto	Tustin
Fullerton	Riverside	Wildomar
La Habra	San Clemente	Yorba Linda

### Counties:

County of Orange

County of Riverside

### Other Governmental:

Agua Mansa Industrial Growth Association	Lee Lake Water District
Eastern Municipal Water District	Metropolitan Water District
El Toro Water District	Orange County Water District
Federal Deposit Insurance Corporation (FDIC)	Trabuco Canyon Water District
Kern County Employees Retirement Association	U.S. Postal Service

### School Districts:

Alvord Unified	Irvine Unified	Riverside Unified
Anaheim Union High	Jurupa Unified	Romoland
Anaheim Elementary	Lake Elsinore Unified	Saddleback Valley Unified
Banning Unified	Menifee Union	San Jacinto Unified
Beaumont Unified	Moreno Valley Unified	San Marcos Unified
Capistrano Unified	Murrieta Valley Unified	Santa Ana Unified
Castaic Union	Newhall	Saugus Union
Cypress	Newport-Mesa Unified	Sulphur Springs Union
Etiwanda	Orange Unified	Westside Union
Fullerton	Palm Springs Unified	William S. Hart Union High
Fullerton Jt. Union High	Placentia-Yorba Linda Unif.	Victor Elementary
Garden Grove Unified	Poway Unified	
Hemet Unified	Rialto Unified	

### Churches/Church Organizations:

Calvary Church, Santa Ana	Lutheran Church, Missouri Synod
Central Baptist Church, Pomona	Presbytery of Los Rancho
Christian & Missionary Alliance Church, Santa Ana	St. Mark's Lutheran Church, Hac. Hts.
Christian Church Foundation	United Methodist Church
Congregational Church, Fullerton	Vineyard Christian Fellowship
First Church of the Nazarene	Yorba Linda United Methodist Church

### Other:

Beverly Hospital  
The Claremont College Services  
GOALS (nonprofit org.)

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**APPENDIX C**  
**PRICE POINT STUDY**

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ROMOLAND COMMUNITY FACILITIES DISTRICT NO. 2023-1 IA-1  
(LA PRADERA, PRADERA POINTE)  
2025 SPECIAL TAX BONDS

ROMOLAND SCHOOL DISTRICT  
RIVERSIDE COUNTY, CALIFORNIA

PRICE POINT \*REVIEW\* STUDY  
(COMPARISON OF CURRENT PRICE POINTS TO  
PREVIOUSLY RECOMMENDED/ORIGINAL PRICE POINTS)

BY EMPIRE ECONOMICS, INC.  
JOSEPH T. JANCZYK, PH.D.

JULY 1, 2025



## INTRODUCTION

Since a Bond Sale is expected to occur for CFD No. 2023-1 IA-1 (La Pradera, Pradera Pointe) in the near term, the Romoland School District requires a Price Point \*Review\* Study per the requirements of the Rate & Method of Apportionment (RMA).

Accordingly, to perform this Study, the Romoland School District has engaged Empire Economics (Empire), a firm specializing in performing research for land secured financings on behalf of public entities only.

The purpose of the Price Point \*Review\* Study for CFD No. 2023-1 IA-1 is to compare **the net sales prices of recent escrow closings after discounting for builder incentives** to the recommended price points set-forth in its original Price Point Study dated December 2, 2022 that were used to set the special taxes.

Accordingly, to arrive at the recommended price points for the project/plans in CFD No. 2023-1 IA-1, Empire Economics performs a systematic analysis of the following factors:

1. Recap of the Previously Recommended Price Points for the Project/Plans in CFD No. 2023-1 IA-1
2. Identification of Comparable Projects and its Characteristics – Recent Escrow Closings
  - Recent Escrow Closing Information Provided by D. R. Horton, Net Base Prices After Incentives
3. Methodology Underlying the Competitive Market Pricing Analysis
4. Comprehensive Statistical Analysis of the Original Recommended Price Points for the Project/Plans in CFD No. 2023-1 IA-1.
5. Conclusions on the Original Price Points for the Project/Plans in CFD No. 2023-1 IA-1

The current price points are compared to the original recommended December 2, 2022 price points, and the potential results are as follows:

- **Higher:** If the current price for a project/plan are higher/same than the original price point, then the original price point remains the same.
- **Lower:** If the current price for a project/plan is below the original price point, then the original price point is reduced.

The Special Tax Analyst will then utilize the price points, along with other factors, to determine whether the levels of Special Taxes are in compliance with the Romoland School District's tax burdens for homeowners.

## **1. RECAP OF THE PREVIOUSLY RECOMMENDED PRICE POINTS FOR THE PROJECT/PLANS IN CFD NO. 2023-1 IA-1**

### **ORIGINAL PRICE POINT STUDY: DECEMBER 2, 2022**

The primary conclusions of the December 2, 2022 original Price Point Study were as follows:

- Empire's recommended price points for setting the Special Taxes for the forthcoming projects/plans in CFD No. 2023-1 IA-1 amounted to some \$482,377, on the average.
- By comparison, the price points proposed by the developer amount to \$484,271, on the average.
- So, Empire's prices are SLIGHTLY LOWER than those provided by the developer, a differential of -\$1,894 or -0.39% (less than 1%).

Please refer to the following table for additional information on the originally recommended prices for setting the Special Taxes for CFD No. 2023-1 IA-1.

**PRICE RECOMMENDATIONS FROM THE ORIGINAL PRICE POINT STUDY  
DECEMBER 2, 2022**

Improvement Areas	Developer's	Developer's	Developer's	Tax Brudens	Comparison: Developer vs. Empire	
Projects	Units by Plans	Living Areas	Base Prices	Area 1: 1.88% Max	Percentage	Empire's
Plans	(Estimated)	(Estimated)	(Estimated)	Area 2: 1.92% Max	Difference	Base Prices
			. November 2022.	(Base = 1.14%)		. November 2022.
			Shaded - Additional			
			"Builder Prices"			
Lower-Bound	0	1,201	\$440,400	0.74%	0.00%	\$440,400
Improvement Area No. 1						
Pradera Pointe				0.74%		
Plan #1	14	1,330	\$469,990	0.74%	-4.02%	\$451,100
Plan #2	17	1,583	\$466,990	0.74%	0.00%	\$466,990
Plan #3	21	1,835	\$481,990	0.74%	0.00%	\$481,990
Plan #4	21	2,059	\$499,990	0.74%	0.00%	\$499,990
Plan #5	22	2,384	\$519,990	0.74%	0.00%	\$519,990
Plan #6	15	1,330	\$459,990	0.74%	-1.93%	\$451,100
Plan #7	22	1,583	\$455,990	0.74%	0.00%	\$455,990
Plan #8	25	1,835	\$470,990	0.74%	0.00%	\$470,990
Plan #9	27	2,059	\$488,990	0.74%	0.00%	\$488,990
Plan #10	26	2,384	\$507,990	0.74%	0.00%	\$507,990
Upper - Bound	0	2,401	\$537,400	0.78%	0.00%	\$537,400
<b>Totals/Averages:</b>	<b>210</b>	<b>1,895</b>	<b>\$484,271</b>	<b>0.74%</b>	<b>-0.39%</b>	<b>\$482,377</b>

## **2. IDENTIFICATION OF COMPARABLE PROJECT AND DISCUSSION OF THEIR CHARACTERISTICS**

Since the Pradera Pointe project in CFD No. 2023-1 IA-1 (La Pradera, Pradera Pointe) entered the marketplace and has experienced sales as well as escrow closings, this project represents the best market comparable.

Accordingly, the analysis herein uses the currently active project in CFD No. 2023-1 IA-1, Pradera Pointe.

The escrow closings rather than the model home prices are utilized because the closings include information on the base price at the time of sale along with the incentives/deductions that the buyers received including option/upgrades as well as mortgage buydowns.

Empire selected the escrow closings based upon a consideration of the following factors:

### **Timing of Escrow Closings**

The Pradera Pointe project by D.R. Horton currently has ten active plans.

Accordingly, for each of the project's plans Empire selected the market comparables based upon a consideration of the following:

Time of Escrow Closing, with an emphasis on most recent closing dates.

Number of escrow closings per project/plans, with a maximum of four per plan.

### **Escrow Closing Prices**

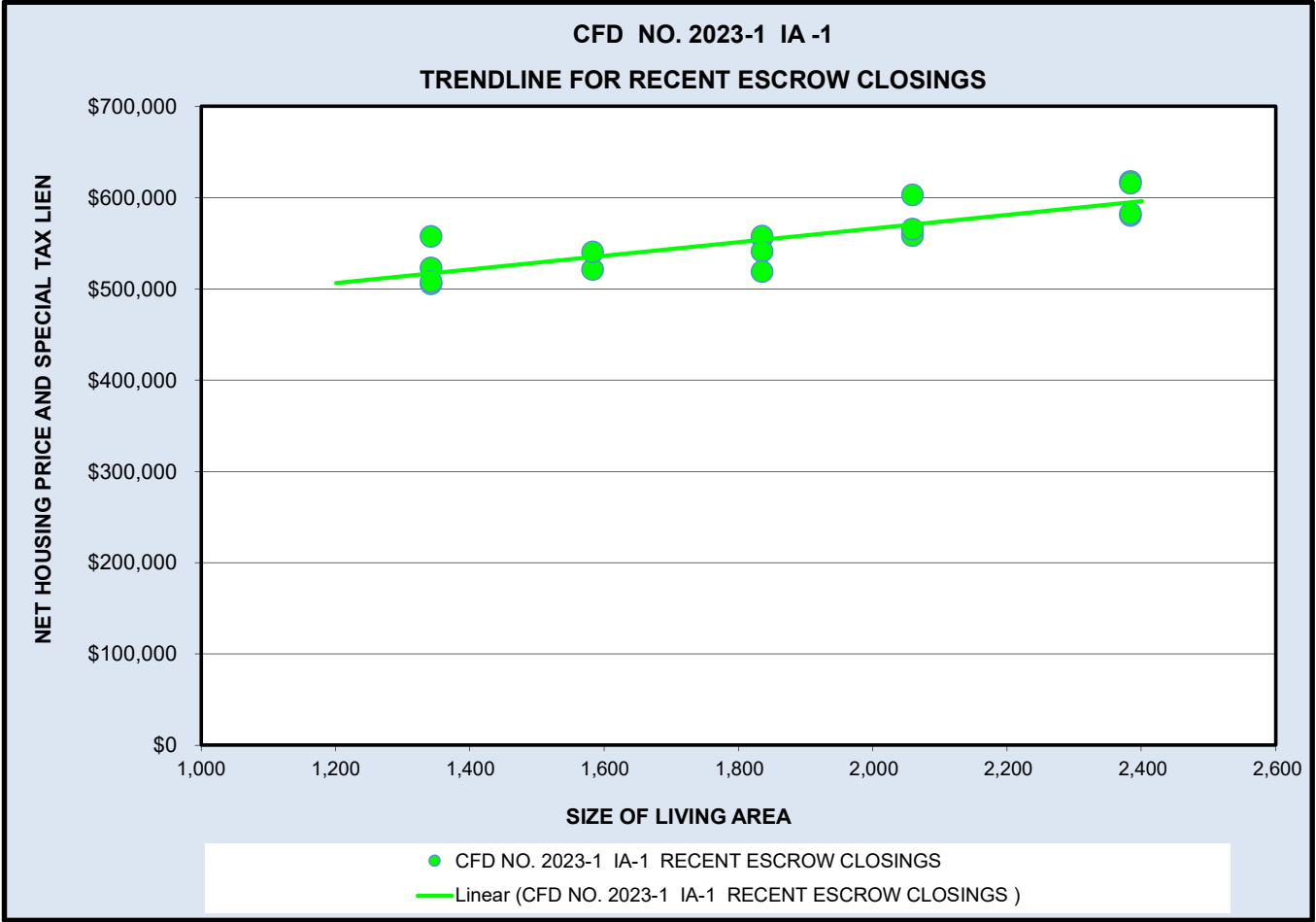
The market values of homes that have recently closed escrows using the following formula:

Net Base Price = Base Sales Price – Forward Mortgage Commitments and Closing Costs Discounts

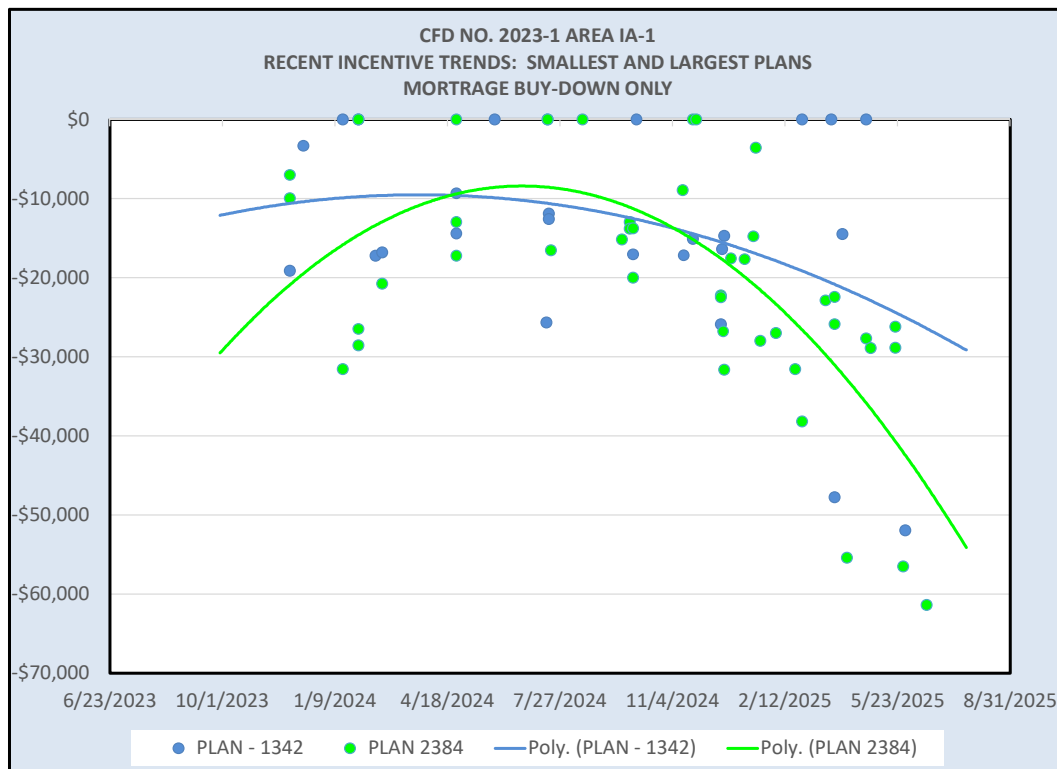
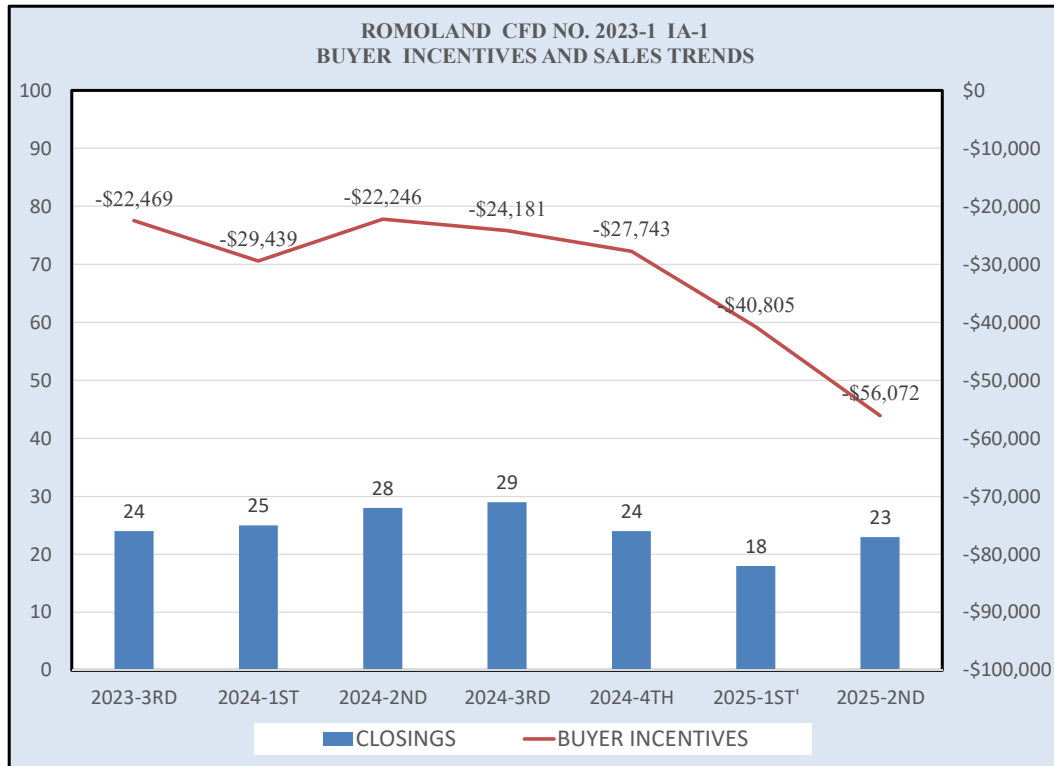
Please refer to the table and graphs on the following pages for additional information on the escrow closing prices as well as the net base prices.

# CHARACTERISTICS OF THE RECENT ESCROW CLOSINGS IN CFD NO. 2023-1 IA-1 (LA PRADERA, PRADERA POINTE)

Location	Project Name	Living Area	Base Prices	Builder	Net Base Prices	Estimated
Planned Community	Builder		Current	Incentives	Current	Special Taxes
			Recent Closings	Recent Closings	Recent Closings	
Pradera Pointe	D.R. Horton	1,342	\$515,490	\$60,909	\$454,581	0.72%
Pradera Pointe	D.R. Horton	1,342	\$514,490	\$7,984	\$506,506	0.72%
Pradera Pointe	D.R. Horton	1,342	\$512,490	\$40,460	\$472,030	0.72%
Pradera Pointe	D.R. Horton	1,342	\$513,490	\$56,733	\$456,757	0.72%
Pradera Pointe	D.R. Horton	1,583	\$537,990	\$70,059	\$467,931	0.72%
Pradera Pointe	D.R. Horton	1,583	\$533,990	\$46,531	\$487,459	0.72%
Pradera Pointe	D.R. Horton	1,835	\$557,990	\$57,274	\$500,716	0.72%
Pradera Pointe	D.R. Horton	1,835	\$556,990	\$54,590	\$502,400	0.72%
Pradera Pointe	D.R. Horton	1,835	\$556,990	\$71,209	\$485,781	0.72%
Pradera Pointe	D.R. Horton	1,835	\$537,990	\$72,397	\$465,593	0.72%
Pradera Pointe	D.R. Horton	2,059	\$580,990	\$77,891	\$503,099	0.72%
Pradera Pointe	D.R. Horton	2,059	\$580,990	\$80,191	\$500,799	0.72%
Pradera Pointe	D.R. Horton	2,059	\$580,990	\$73,225	\$507,765	0.72%
Pradera Pointe	D.R. Horton	2,059	\$579,990	\$34,820	\$545,170	0.72%
Pradera Pointe	D.R. Horton	2,384	\$599,490	\$78,621	\$520,869	0.72%
Pradera Pointe	D.R. Horton	2,384	\$598,490	\$75,477	\$523,013	0.72%
Pradera Pointe	D.R. Horton	2,384	\$599,490	\$41,154	\$558,336	0.72%
Pradera Pointe	D.R. Horton	2,384	\$599,490	\$43,326	\$556,164	0.72%
<b>Totals/Averages</b>		<b>1,869</b>	<b>\$558,768</b>	<b>\$57,936</b>	<b>\$500,832</b>	<b>0.72%</b>
<b>Minimum</b>		<b>1,342</b>	<b>\$512,490</b>	<b>\$7,984</b>	<b>\$454,581</b>	<b>0.72%</b>
<b>Maximum</b>		<b>2,384</b>	<b>\$599,490</b>	<b>\$80,191</b>	<b>\$558,336</b>	<b>0.72%</b>



## SUPPLEMENTAL INFORMATION ON CFD NO 2023-1 IA-1 RECENT HOUSING PRICE PATTERNS AND SALES TRENDS



### **3. METHODOLOGY UNDERLYING THE COMPETITIVE MARKET PRICING ANALYSIS**

*The methodology utilized herein has been purposefully formulated to be as transparent and straightforward as possible, so that the study and its results can be readily understood by interested parties, including the future homeowners that will be paying the Special Taxes.*

*Accordingly, the methodology focuses upon using the net adjusted housing prices and tax burdens of the market comparables for homes with various sizes of living area, and then utilizes these to estimate the prices for the project/plans in CFD No. 2023-1 IA-1.*

The prices of homes in a generally similar location are influenced by a multiplicity of factors, with the most significant being as follows:

- **Size of Living Area**  
The size of living area typically has the most significant impact on the price of housing.
- **Lot Size**  
With regards to lot size, there is generally a strong correlation between the lot size and size of the living area for the homes, since builders will typically optimize the size of a home based upon the size of a lot.
- **Tax Burden (ad Valorem and Special Taxes/Assessments)**  
School District Policy maximum amounts to 1.95%

### **TOTAL HOUSING PRICE**

**NET PRICE OF THE HOME:  
(AFTER ADJUSTMENTS FOR INCENTIVES:  
MORTGAGE COMMITMENTS AND CLOSING COSTS)**

**PLUS**

**THE PRESENT VALUE OF THE SPECIAL TAXES**

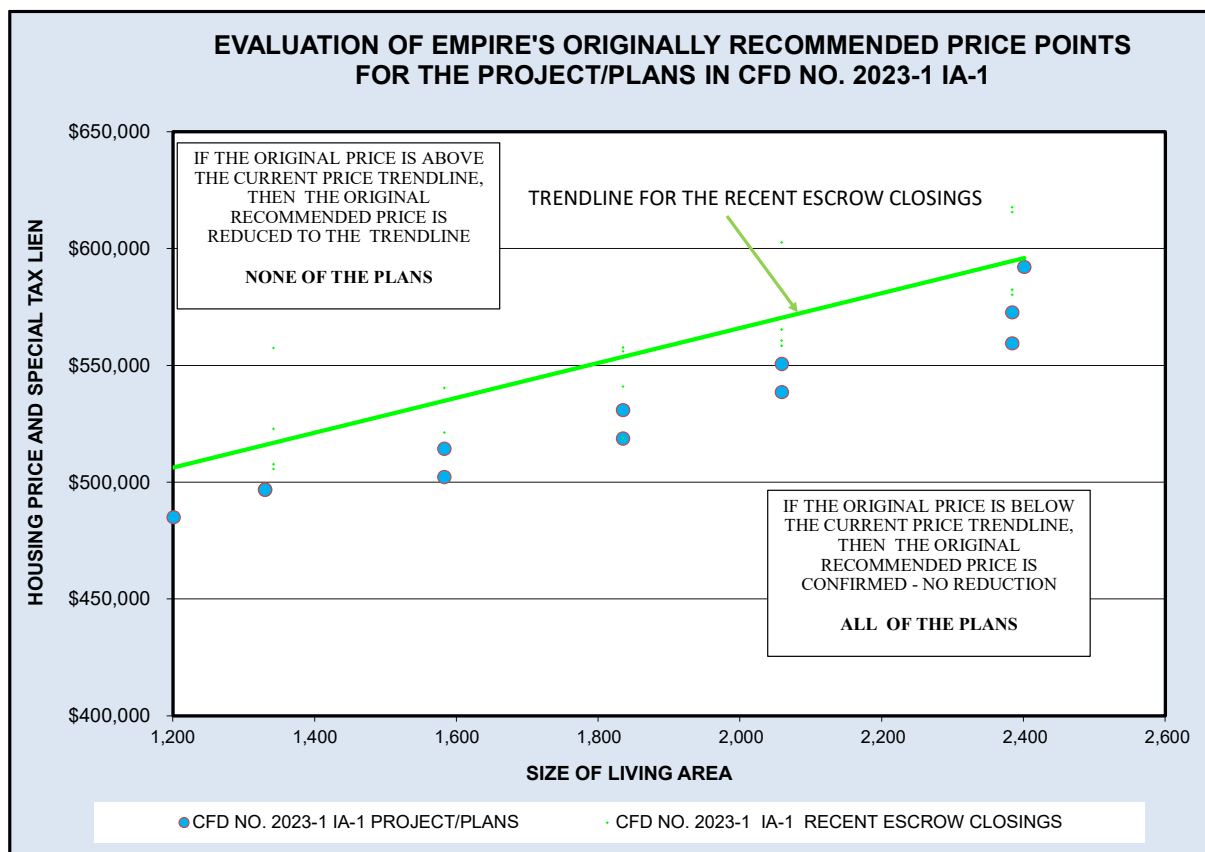
(This is calculated by taking the present value of the Annual Special Taxes over a time period of 30 years using a discount factor of 6.00%.)



#### 4. COMPREHENSIVE STATISTICAL ANALYSIS OF THE ORIGINAL PRICE POINTS FOR THE PROJECT/PLANS IN CFD NO. 2023-1 IA-1

The Competitive Market Analysis of the original recommended price points (December 2, 2022) for project/plans in CFD No. 2023-1 IA-1 with the recent escrow closings for the currently active housing project/plans in CFD No. 2023-1 IA-1 (July 1, 2025) is now performed by using their current net base prices adjusted for incentives along with the estimated Special Taxes lien amounts.

For the CFD No. 2023-1 IA-1 Pradera Pointe project the relationship between the total housing prices (net base prices and special tax liens) and the sizes of living area for the recent escrow closings and the originally recommended price points are shown on the following graph:



The graph shows that the December 2, 2022 Empire's original recommended price points for the project/plans in CFD No. 2023-1 IA-1 (blue circles) are "ALL BELOW" the total housing prices of the statistical trendline for the recent escrow closings green trendline).

## **5. CONCLUSIONS OF THE ORIGINAL PRICE POINTS FOR THE PROJECT/PLANS IN CFD NO. 2023-1 IA-1**

Based upon a comprehensive analysis of Empire's original recommended price points (December 2, 2022) and the current price points, the "current net base prices" for the Rate and Method of Apportionment are now discussed.

The above analysis has shown that the originally recommended price points in the December 2, 2022 Study for the project/plans in CFD No. 2023-1 IA-1 are "ALL BELOW" the housing prices of the recent escrow closings of the market comparables.

**\* NONE OF THE DECEMBER 2, 2022 PRICE POINTS ARE REDUCED\***

- The current 2025 market values for all of the project/plans in CFD No. 2023-1 IA-1 are ALL HIGHER than the December 2, 2022 original price points by some +5.1%/avg., a differential of about +\$24,402/avg.

Please refer to the following table for additional information on the current price points for CFD No. 2023-1 IA-1 (La Pradera, Parade Pointe).

### **REMARK:**

The Price Point Review Study utilizes the Net Base Prices for homes that have recently closed their escrows:  
Net Base Price = Base Sales Price - Forward Mortgage Commitments and Closing Cost Discounts

The currently published Sales Prices for Pradera Pointe on various Internet sources represents the base prices and may not include potential discounts.

- For the 1,583 sq.ft. plan, Empire's current price is \$485,600 vs. the Internet price of \$534,990.
- For the 1,835 sq.ft. plan, Empire's current price is \$502,700 vs. the Internet price of \$554,990.
- For the 2,059 sq.ft. plan, Empire's current price is \$517,900 vs. the Internet price of \$574,990.

## COMPARISON OF EMPIRE'S ORIGINALLY RECOMMENDED AND CURRENT PRICE POINTS

ALL OF THE ORIGINAL PRICE POINTS ARE \*BELOW\*  
THE CURRENT MARKET COMPARABLE TRENDLINE

### NO PRICE REDUCTIONS FOR ANY PLANS

Improvement Areas	Developer's	Developer's	Empire's	Tax Brudens	Comparison: Developer vs. Empire	
Projects	Units by Plans	Living Areas	Original	Area 1: 1.88% Max	Percentage	Empire's
Plans	(Estimated)	(Estimated)	Base Prices	Area 2: 1.92% Max	Difference	Current
			December 2022.	(Base = 1.14%)		Base Prices
Lower-Bound	0	1,201	\$440,400	0.74%	4.38%	\$459,700
Improvement Area No. 1						
Pradera Pointe				0.74%		
Plan #1	14	1,330	\$451,100	0.74%	3.86%	\$468,500
Plan #2	17	1,583	\$466,990	0.74%	3.99%	\$485,600
Plan #3	21	1,835	\$481,990	0.74%	4.30%	\$502,700
Plan #4	21	2,059	\$499,990	0.74%	3.58%	\$517,900
Plan #5	22	2,384	\$519,990	0.74%	3.83%	\$539,900
Plan #6	15	1,330	\$451,100	0.74%	3.86%	\$468,500
Plan #7	22	1,583	\$455,990	0.74%	6.49%	\$485,600
Plan #8	25	1,835	\$470,990	0.74%	6.73%	\$502,700
Plan #9	27	2,059	\$488,990	0.74%	5.91%	\$517,900
Plan #10	26	2,384	\$507,990	0.74%	6.28%	\$539,900
Upper - Bound	0	2,401	\$537,400	0.74%	0.63%	\$540,800
<b>Totals/Averages:</b>	<b>210</b>	<b>1,895</b>	<b>\$482,377</b>	<b>0.74%</b>	<b>5.06%</b>	<b>\$506,779</b>

## **Resume: Joseph T. Janczyk, Ph.D.**

### **President of Empire Economics**

**Education:** University of California, Riverside, Ph.D. in Economics, Completed in 1976  
Specializations in Urban Economics, Mathematical Modeling and Econometric Analysis

State University of New York at Buffalo, Bachelors, Completed in 1970  
Dual Majors: Economics and Psychology

**Prior Employment:** California State University, Tenured Economics Professor: 1976-1985  
Courses Taught: Microeconomics, Macroeconomics, Urban Economics,  
Regional Economics, Computer Modeling, Econometrics, among others

**Empire Economics:** Chairman and President: 1986-Present

- Perform Independent Real Estate Consulting Services Primarily for Land Secured Financings
- Work for Public Entities including Counties, Cities, School Districts and Water Districts
- Long-term Relationships with Many Clients, 25+ years
- Well Established Relationships with Numerous Professionals in the Municipal Finance Industry
- Performed 500+ Studies on behalf of Public Entities for \$15B+ in municipal financing
  - Land Secured Financings for Planned Communities, Business Parks and Retail Centers for 500+ CFDs/ADs for \$10B bonds
    - Price Point Studies – Establish Special Taxes that conform to public entities' policies
    - Market Absorption Studies - Provide timelines for phasing infrastructure
    - Homeowner Equity Studies and Forecasts of Assessed Values
    - Economic Forecasting Studies: Forecast Employment and Housing Demand
- Socioeconomic Studies Orange County Transportation Corridors: 2 studies \$2.75B bonds
  - Designated as Municipal Bond Issue of the Year for 1999
  - Rating Agency and Bond Insurer Presentations – Trips to New York City
- Mortgage Revenue Bond Issues: Lower Mortgage Rates 50+ studies for \$1.7B bonds
- Other Municipal Bond Issues: 35+ studies \$2B+ bonds; Certificates of Participation, others
- Forthcoming Bond Issues: 30+ studies for \$500M+ future bond sales

**Industry Contributions – Regular Speaker/Panelist at Following Events:**

- State Treasurer, Mr. John Chiang: Council of Economic Advisors: January 2015 –December 2018
  - Bi-annual meetings and published articles in the Treasurer's Newsletter, Intersections
- UCLA Municipal Bond Financing Seminars (10+ times, as Featured Speaker)
- Bond Buyer Conference
- League of Cities
- Municipal Bond Industry Association
- Best Practices for Continuing Disclosure
- Appraisal Standards for Land Secured Financing by CDIAC
- Meetings with Municipal Bond Funds

**Dedicated to Public Sector: Certifications Provided in each Study:**

- Empire has not performed any consulting services for the CFD/AD property owners nor the developers/builders, during the past thirty+ years.
- Empire will not perform any consulting services for the CFD/AD property owners nor the developers/builders, during the next five years.

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## APPENDIX D

### FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below.

[Closing Date]

Board of Trustees  
Romoland School District  
25900 Leon Road  
Homeland, California

Re:     \$ \_\_\_\_\_ *Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District Improvement Area No. 1 Series 2025 Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Romoland School District (the “School District”) taken in connection with the formation of Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District (the “District”) and Improvement Area No. 1 therein and the authorization and issuance of the District’s Improvement Area No. 1 Series 2025 Special Tax Bonds in the aggregate principal amount of \$ \_\_\_\_\_ (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), Resolution No. \_\_\_\_~2024/2025 , adopted by the Board of Trustees of the Romoland School District acting in its capacity as the legislative body of the District (the “Board”) on September 9, 2025 (the “Resolution”), and a Bond Indenture dated as of October 1, 2025 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as the trustee (the “Trustee”). 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 September 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, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California. The Bonds are limited obligations of the District but are not a debt of the School District, 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 School District, 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, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California; 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 or as to any provisions therein relating to indemnification, penalty, waiver, choice of law or choice of forum.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that enforceability of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

(4) 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; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) 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.

(7) 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 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 opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are 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 (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate, 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 of interest (and original issue discount) on the Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

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.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. 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 with respect to the Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Bonds.

Respectfully submitted,



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## APPENDIX E

### GENERAL INFORMATION CONCERNING THE REGION

*The following information concerning the City of Perris (“Perris” or the “City of Perris”), the City of Menifee (“Menifee” or the “City of Menifee”), the County of Riverside (the “County”) and the State of California (the “State”) are presented as general background information. The Bonds are not an obligation of Perris, Menifee, the County or the State and the taxing the power of Perris, Menifee, the County and the State are not pledged to the payment of the Bonds.*

#### General

The City of Perris is located in Western Riverside County 72 miles southeast of Los Angeles along U.S. Interstate 215. Perris is approximately 23 square miles in area.

Incorporated in 1911, Perris operates as a general law city. It has a council-manager form of government, with the five City Council members elected at large for staggered four-year terms. The City Council elects one of the Council members as Mayor.

The City of Menifee is located in Southwestern Riverside County. The city is roughly 50 square miles in size. The City of Menifee is bordered on the north, west, and south by the cities of Perris, Canyon Lake, Lake Elsinore and on the southwest by the newly-incorporated City of Wildomar. To the east and northeast, the city borders unincorporated county territory.

Menifee was officially established on October 1, 2008 and is the 26th city located within Riverside County. It has a council-manager form of government, with the five City Council members elected at large for four-year terms. The City Council elects one of the Council members as Mayor.

#### Population

The following table offers population figures for Perris, Menifee, the County and the State for 2021 through 2025.

<i>Area</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
City of Perris	78,821	78,496	79,746	80,947	81,240
City of Menifee	104,361	107,512	111,221	113,837	115,316
County of Riverside	2,423,069	2,435,510	2,467,690	2,491,037	2,495,640
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Census Benchmark. Released: May 1, 2025.

## Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in Perris, Menifee and the County from 2020 through 2024.

### BUILDING PERMITS AND VALUATIONS

#### City of Perris

2020-2024

(Dollars in Thousands)

	2020	2021	2022	2023	2024
Valuation (\$000):					
Residential	\$ 47,035	\$ 29,794	\$ 137,912	\$ 397,318	\$ 205,788
Non-residential	<u>90,279</u>	<u>44,908</u>	<u>352,032</u>	<u>744,233</u>	<u>68,881</u>
Total*	<u>\$ 137,314</u>	<u>\$ 74,702</u>	<u>\$ 489,944</u>	<u>\$1,141,552</u>	<u>\$ 274,669</u>
Residential Units:					
Single family	221	99	229	631	392
Multiple family	<u>9</u>	<u>9</u>	<u>763</u>	<u>2,456</u>	<u>111</u>
Total	230	108	992	3,087	503

\* Totals may not add to sums because of rounding.  
Source: Construction Industry Research Board.

### BUILDING PERMITS AND VALUATIONS

#### City of Menifee

2020-2024

(Dollars in Thousands)

	2020	2021	2022	2023	2024
Valuation (\$000):					
Residential	\$448,581	\$391,923	\$295,989	\$525,602	\$287,465
Non-residential	<u>95,968</u>	<u>39,831</u>	<u>27,092</u>	<u>93,407</u>	<u>91,249</u>
Total*	<u>\$544,549</u>	<u>\$431,754</u>	<u>\$323,081</u>	<u>\$619,009</u>	<u>\$375,675</u>
Residential Units:					
Single family	1,457	1,256	796	1,384	630
Multiple family	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>	<u>206</u>
Total	1,457	1,256	796	1,414	836

\* Totals may not add to sums because of rounding.  
Source: Construction Industry Research Board.

### BUILDING PERMITS AND VALUATIONS

#### Riverside County

2020-2024

(Dollars in Thousands)

	2020	2021	2022	2023	2024
Valuation (\$000):					
Residential	\$2,519,303	\$2,262,642	\$2,921,113	\$3,306,086	\$2,650,677
Non-residential	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>	<u>1,676,498</u>	<u>1,425,448</u>
Total*	<u>\$3,673,081</u>	<u>\$3,806,640</u>	<u>\$4,622,731</u>	<u>\$4,982,584</u>	<u>\$1,709,874</u>
Residential Units:					
Single family	8,443	7,360	8,863	8,894	6,882
Multiple family	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>	<u>1,674</u>
Total	9,166	8,486	11,724	15,322	8,556

\* Totals may not add to sums because of rounding.  
Source: Construction Industry Research Board.

## Employment

The following tables shows the ten largest employers located in the City of Menifee and the County as of Fiscal Year ending June 30, 2024 and the City of Perris as of Fiscal Year ending June 30, 2023.

### LARGEST EMPLOYERS

#### City of Menifee (As of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Mt. San Jacinto College District	1,604	College District
2.	Menifee Union School District	1,505	School District
3.	Romoland Elementary School District	793	School District
4.	Menifee Global Medical Center	362	Medical Center
5.	Stater Brothers Markets	348	Grocery Store
6.	City of Menifee	345	City Government
7.	United Parcel Service	232	Package Carrier
8.	Southern California Edison	189	Electricity Provider
9.	Texas Roadhouse	188	Restaurant
10.	Olive Garden	140	Restaurant

Source: City of Menifee Annual Comprehensive Financial Report for the year ending June 30, 2024.

### LARGEST EMPLOYERS

#### City of Perris (As of June 30, 2023)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Ross Dress for Less	2,193	Retail
2.	Val Verde Unified School District	1,493	School District
3.	Perris Union High School District	1,106	School District
4.	Lowe's	926	Home & Garden
5.	Home Depot	905	Home & Garden
6.	Perris Elementary School District	701	School District
7.	NFI Industries	612	Supply Chain Management
8.	Eastern Municipal Water District	600	Water District
9.	Walmart	430	Retail
10.	CR&R Waste	238	Waste Service

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

**LARGEST EMPLOYERS**  
**County of Riverside**  
**(As of June 30, 2024)**

<i><b>Rank</b></i>	<i><b>Name of Business</b></i>	<i><b>Employees</b></i>	<i><b>Type of Business</b></i>
1.	County of Riverside	23,772	County Government
2.	Amazon	14,317	Online Retailer
3.	University of California, Riverside	8,593	University
4.	State of California	8,398	State Government
5.	Wal-Mart	6,465	Retail Supercenter
6.	Moreno Valley Unified School District	6,020	School District
7.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
8.	Riverside Unified School District	5,431	School District
9.	Stater Bros.	4,990	Supermarket
10.	Mt. San Jacinto Community College District	4,638	School District

Source: County of Riverside Annual Comprehensive Financial Report for the year ending June 30, 2024.

Employment data by industry is not separately reported on an annual basis for Perris and Menifee 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.

Employment data by industry is not separately reported on an annual basis for the City of Menifee 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 period from 2020 through 2024.

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

	2020	2021	2022	2023	2024
Civilian Labor Force	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Civilian Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Civilian Unemployment	205,100	156,700	90,700	102,300	115,300
Civilian Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
 Total Farm	14,100	13,700	13,800	13,200	13,700
Total Nonfarm	1,495,800	1,575,100	1,660,200	1,681,000	1,700,400
Total Private	1,247,800	1,333,100	1,410,200	1,420,700	1,430,200
Goods Producing	202,200	207,700	216,300	215,300	212,900
Mining and Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Service Providing	1,293,700	1,367,400	1,443,900	1,465,700	1,487,500
Trade, Transportation and Utilities	406,900	443,200	464,900	457,900	456,400
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing and Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Financial Activities	44,100	45,200	46,000	44,900	44,100
Professional and Business Services	152,100	166,600	173,900	164,400	161,800
Educational and Health Services	248,800	254,300	267,900	287,800	306,000
Leisure and Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Government	<u>248,000</u>	<u>242,000</u>	<u>250,000</u>	<u>260,200</u>	<u>270,200</u>
Total, All Industries	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

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 E.

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

The following table summarizes the labor force, employment and unemployment figures for the period from 2020 through 2024 for Perris, Menifee, the County, the State and the nation as a whole.

**CITY OF PERRIS, CITY OF MENIFEE  
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<sup>(1)</sup></i>	<i>Unemployment<sup>(2)</sup></i>	<i>Unemployment Rate (%)<sup>(3)</sup></i>
<b>2020</b>				
Perris	35,300	31,700	3,600	10.2%
Menifee	43,500	39,200	4,200	9.7
Riverside County	1,100,500	988,600	111,900	10.2
State of California	18,956,600	17,039,800	1,916,800	10.1
United States <sup>(4)</sup>	160,742,000	147,795,000	12,947,000	8.1
<b>2021</b>				
Perris	36,100	33,100	3,000	8.3%
Menifee	45,400	42,200	3,300	7.2
Riverside County	1,119,000	1,036,100	82,900	7.4
State of California	18,954,600	17,564,900	1,389,700	7.3
United States <sup>(4)</sup>	161,204,000	152,581,000	8,623,000	5.3
<b>2022</b>				
Perris	36,400	34,700	1,700	4.7%
Menifee	47,300	45,400	2,000	4.1
Riverside County	1,140,400	1,091,800	48,700	4.3
California	19,218,300	18,393,900	824,400	4.3
United States <sup>(4)</sup>	164,287,000	158,291,000	5,996,000	3.6
<b>2023</b>				
Perris	37,300	35,400	1,900	5.2%
Menifee	49,400	47,100	2,300	4.6
Riverside County	1,165,500	1,110,100	55,400	4.8
California	19,471,000	18,551,800	919,200	4.7
United States <sup>(4)</sup>	167,116,000	161,037,000	6,080,000	3.6
<b>2024</b>				
Perris <sup>(5)</sup>	--	--	--	--
Menifee <sup>(5)</sup>	--	--	--	--
Riverside County	1,181,300	1,118,600	62,700	5.3%
California	19,644,100	18,600,900	1,043,100	5.3
United States <sup>(4)</sup>	168,106,000	161,346,000	6,751,000	4.0

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

(2) Includes all persons without jobs who are actively seeking work.

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

(4) Not strictly comparable with data for prior years.

(5) Most recent data not available.

Source: California Employment Development Department, March 2024 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

## 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 29.25% between 2019 and 2023. The following tables summarize personal income for Riverside County for 2019 through 2023.

### PERSONAL INCOME Riverside County 2019-2023 (Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2019	\$103,647,288	6.9%
2020	115,370,344	11.3
2021	126,493,256	9.6
2022	126,174,731	(0.3)
2023	133,968,557	6.2

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "CAINC1 County and MSA personal summary: personal income, population, per capita personal income" (accessed August 28, 2025).

The following table summarizes per capita personal income for Riverside County, California and the United States for 2019-2023. 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 2019-2023

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2019	\$43,122	\$64,219	\$55,566
2020	47,615	70,098	59,123
2021	51,558	76,882	64,460
2022	50,995	76,941	66,244
2023	53,750	81,255	69,810

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "CAINC1 County and MSA personal summary: personal income, population, per capita personal income" (accessed August 28, 2025).



## Taxable Sales

The table below presents taxable sales for the years 2020 through 2024 for the City of Perris.

**TAXABLE SALES**  
**City of Perris**  
**2020-2024**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2020	1,548	\$2,349,129
2021	1,578	2,202,950
2022	1,630	2,479,214
2023	1,662	2,282,238
2024	1,666	2,390,365

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2020-2024.

The table below presents taxable sales for the years 2020 through 2024 for the City of Menifee.

**TAXABLE SALES**  
**City of Menifee**  
**2020-2024**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2020	1,726	\$ 752,610
2021	1,756	974,142
2022	1,915	1,073,446
2023	2,027	1,455,766
2024	2,085	1,385,89

Source: "Taxable Sales in California, California Department of Tax and Fee Administration for 2020-2024.

The table below presents taxable sales for the years 2020 through 2024 for the County.

**TAXABLE SALES**  
**County of Riverside**  
**2020-2024**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2020	69,284	\$42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,331,274
2024	70,577	60,826,953

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2020-2024.

## APPENDIX F

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following is a summary of certain definitions and provisions of the Indenture which is 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

“Account” means any account created pursuant to the Indenture.

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

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

“Administrative Expense Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Administrative Expenses” means the administrative costs pursuant to the RMA with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the School District staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

“Administrative Expenses Cap” means \$25,000 per Fiscal Year, escalating two percent (2%) each July 1, beginning July 1, 2026.

“Alternative Penalty Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

“Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“Appraisal” means an appraisal performed by an Appraiser within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the School District’s policy for appraisals.

“Appraiser” means an appraiser, who is a State of California certified general real estate appraiser selected and employed by the District.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to rely upon the investment direction of the District in determining such investment is a legal investment):

(1) (A) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (B) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (C) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (D) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)  
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)  
Senior debt obligations  
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)  
Debt obligations
- Resolution Funding Corporation (REFCORP)  
Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated “A-1” or better by S&P.

(5) Deposits the aggregate amount of which are insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days rated “A-1+” by S&P and “Prime-1” by Moody’s).

(7) Money market funds rated “AAm” or “AAm-G” by S&P, or better (including those of the Trustee or its affiliates).

(8) “State Obligations,” which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” by S&P and “Prime-1” by Moody’s.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.

(9) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by a trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee.

(10) Repurchase agreements:

(A) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by S&P and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee to the provider of the repurchase

agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the 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 the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

(B) Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by S&P and Moody’s, respectively.

(11) 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 “AA” by S&P and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition and Construction Fund, construction draws) on the Bonds and Parity Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the District and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) 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, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(D) the District and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(E) the investment agreement shall provide that if during its term.

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) 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 District, the Trustee or a third party acting solely as agent therefor (the "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 S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," 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 District or Trustee; and

(F) 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 the 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 the Collateral is in possession); and

(G) the investment agreement must provide that if during its term

(1) 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 District or Trustee, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate.

(12) The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep moneys available for the purposes of the Indenture.

"Authorized Representative of the District" means the Superintendent of the School District, the Chief Business Official of the School District, the Assistant Superintendent, Educational Services of the School District or any other person or persons designated by the Superintendent of the School District, the Chief Business Official of the School District or the Assistant Superintendent, Educational Services of the School District by a written certificate signed by the Superintendent of the School District, the Chief Business Official of the School District or Assistant Superintendent, Educational Services of the School District and containing the specimen signature of each such person.

"Bond Counsel" means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their

political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Trustee will keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds will be recorded.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds will begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Bondowner” or “Owner” means the Person or Persons in whose name or names any Bond or Parity Bond is registered.

“Bonds” means the District’s Improvement Area No. 1, Series 2025 Special Tax Bonds.

“BRPLD LLC” means BRPLD LLC, a Delaware limited liability company.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the Principal Office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the District.

“Certificate of the Special Tax Administrator” means a certificate of Koppel & Gruber Public Finance, or any successor entity appointed by the School District, to administer the calculation and collection of the Special Taxes.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement dated as of October 1, 2025 between the District and Koppel & Gruber Public Finance, as dissemination agent, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of the appraiser and financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative.

“Costs of Issuance Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to the Indenture.

“County” means the County of Riverside, California.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds and Parity Bonds, or any other securities depository acting as Depository under the Indenture.

“Developer” means D.R. Horton Los Angeles Holding Company, Inc. a California corporation, and its respective successors and assigns pursuant to the Mitigation Agreement.

“District” means Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District established pursuant to the Act and the Resolution of Formation.

“Event of Default” means the “event of default” described in the Indenture.

“Extraordinary Administrative Expenses” means Administrative Expenses required for extraordinary District events such as foreclosure actions against delinquent taxpayers within the District required to be prosecuted on an expedited basis pursuant to the Indenture, the approval and implementation of actions requiring Bondowner consent under the Indenture, or actual or threatened Bondowner or property owner litigation arising out of the Bonds or the District.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof).

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Fund” means any of the funds established under the Indenture.

“Gross Taxes” means the amount of all Special Taxes received by the District, together with the net proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

“Indenture” means the Bond Indenture pursuant to which the Bonds are issued, together with any Supplemental Indenture approved pursuant to the Indenture.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

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



“Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Interest Payment Date” means each September 1 and March 1, commencing March 1, 2026; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments in the Indenture.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

- (1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

- (2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

“Mitigation Agreement” means the Impact Mitigation Agreement Related to Proposed Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District, dated as of April 1, 2023, by and among the School District, BRPLD LLC and the Developer, as it may be amended, assigned and assumed from time to time.

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

“Net Taxes” means Gross Taxes minus amounts, not in excess of the Administrative Expenses Cap, set aside to pay Administrative Expenses prior to the payment of the principal and interest on the Bonds and Parity Bonds, as set forth in the Indenture.

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

“Ordinance” means Ordinance No. 2-2022-23 adopted by the legislative body of the District on April 18, 2023, providing for the levying of the Special Tax.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

- (1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

- (2) Bonds and Parity Bonds for payment or redemption of which moneys will have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and

- (3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

“Overlapping Debt” means with respect to any property within the District, the sum of (a) the aggregate amount of all unpaid assessments which are a lien on such property and which are pledged to secure the repayment of bonds, plus (b) a portion of the principal amount of any outstanding bonds of other community facilities districts which are payable at least partially from special taxes to be levied on such property (the “Other CFD Bonds”) determined by multiplying the aggregate principal amount of the Other CFD Bonds by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on such property and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on all parcels of property which are subject to the levy of such special taxes, based upon information which is available for the then current Fiscal Year.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Park District” means Valley-Wide Recreation and Park District, a community services district under the laws of the State of California.

“Park District Subaccount” means the account by that name established in the Improvement Fund pursuant to the Indenture.

“Park District Joint Community Facilities Agreement” means the Joint Community Facilities Agreement relating to the District by and among the School District, the Park District, BRPLD LLC and the Developer, dated as November 18, 2024.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts transferred by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Principal Office of the Trustee” means the corporate trust office of the Trustee located in Los Angeles, California, provided that for purposes of redemption payment, exchange, transfer or surrender of Bonds and Parity Bonds means the corporate trust office of the Trustee located in St. Paul, Minnesota, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its corporate trust business.

“Project” means those public facilities described in the Resolution of Formation, which are to be acquired or constructed within and outside of the District, including capacity within existing facilities and including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to the Indenture.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds,

including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rating Agency” means Moody’s or S&P, or both, as the context requires.

“Rebate Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

“Rebate Fund” means the fund by that name established pursuant to the Indenture in which there are established the Accounts described in the Indenture.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” means the Blanket Letter of Representations from the District to the Depository as described in the Indenture.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Reserve Requirement” means that amount as of any date of calculation equal to the least of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; or (iii) 125% of the average Annual Debt Service on the then Outstanding Bonds and Parity Bonds; provided, however, that the Reserve Requirement will not increase based on the above calculation unless Parity Bonds are issued.

“Resolution of Formation” means Resolution No. 18~2022-23 adopted by the Board of Trustees of the School District on April 18, 2023, pursuant to which the School District formed the District.

“RMA” means the Rate and Method of Apportionment of Special Taxes for Improvement Area No. 1 approved by the qualified electors of Improvement Area No. 1 at the April 18, 2023 election, as amended from time to time.

“School District” means the Romoland School District in Riverside County, California.

“School Facilities Subaccount” means the School Facilities Subaccount of the Project Account of the Acquisition and Construction Fund established pursuant to the Indenture.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in the Indenture and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Six-Month Period” means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

“Special Tax Administrator” means Koppel & Gruber Public Finance or any subsequent special tax administrator engaged by the District.

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

“Special Taxes” means the taxes authorized to be levied by the District on property within Improvement Area No. 1 in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the April 18, 2023 election in the District and which are levied after Fiscal Year 2023-24, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns.

“Subaccount” means any of the subaccounts of the Funds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

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

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Tax-Exempt” means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

“Term Bonds” means the Bonds maturing on September 1, 20\_\_, September 1, 20\_\_, September 1, 20\_\_ and September 1, 20\_\_ and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Treasurer-Tax Collector” means the Treasurer-Tax Collector of the County of Riverside, California and such other person as may be designated by the Treasurer-Tax Collector to act on his or her behalf.

“Trustee” means U.S. Bank Trust Company, National Association a national banking association duly organized and existing under the laws of the United States of America, at its corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

“Verification” will have the meaning contained in the definition of Authorized Investments (9)(C) in the Indenture.

## BOND TERMS

***Type and Nature of Bonds and Parity Bonds.*** Neither the faith and credit nor the taxing power of the School District, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the School District nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expense Account), as more fully described in the Indenture. The District's limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the School District or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the School District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the Board of Trustees of the School District nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in the Indenture, the District will not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained in the Indenture. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

***Equality of Bonds and Parity Bonds and Pledge of Net Taxes.*** Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds will be equally payable from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, will be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) will constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding will not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund or the Administrative Expense Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners.

Nothing in the Indenture or any Supplemental Indenture will preclude: (i) subject to the limitations contained under the Indenture, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as amended after the issuance of the Bonds, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained in the Indenture, of Parity Bonds which will be payable from Net Taxes.

**Form of Bonds and Parity Bonds.** The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication will be substantially in the form attached to the Indenture, which form has been approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor will be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, will be prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond will be entitled and subject to the same benefits and provisions of the Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it will execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond will be surrendered to the Trustee at the Principal Office of the Trustee, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered will be cancelled by the Trustee and will not be reissued.

**Execution and Authentication.** The Bonds and Parity Bonds will be signed on behalf of the District by the manual or facsimile signature of the President of the Board of Trustees acting in its capacity as the legislative body of the District and countersigned by the manual or facsimile signature of the Clerk of the Board of Trustees acting in its capacity as the legislative body of the District, and the seal of the District (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the Clerk of the Board of Trustees. In case any one or more of the officers who will have signed or sealed any of the Bonds or Parity Bonds will cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions of the Indenture with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds will nevertheless be valid and may be authenticated and delivered as provided in the Indenture, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds as will bear thereon such certificate of authentication in the form set forth in the Indenture will be entitled to any right or benefit under the Indenture, and no Bond will be valid or obligatory for any purpose until such certificate of authentication will have been duly executed by the Trustee.

**Bond Register.** The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which will upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in the Indenture, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as provided in the Indenture.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Trustee will not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It will be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

**Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.** If any Bond or Parity Bond becomes mutilated, the District will execute, and the Trustee will authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but

only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee will be cancelled by the Trustee pursuant to the Indenture. If any Bond or Parity Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee will be given, the District will execute and the Trustee will authenticate and deliver, a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee will determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds and Parity Bonds issued under the Indenture. The Trustee will not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered under the Indenture or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding under the Indenture, but both the original and replacement Bond or Parity Bond will be treated as one and the same. Notwithstanding any other provision of the Indenture, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

**Validity of Bonds and Parity Bonds.** The validity of the authorization and issuance of the Bonds and any Parity Bonds will not be affected in any way by any defect in any proceedings taken by the District for the financing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and will not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State will be conclusive evidence of their validity and of the regularity of their issuance.

**Book Entry System.** The Bonds will be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond will be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in the Indenture, all of the Outstanding Bonds will be registered in the registration books kept by the Trustee in the name of the Nominee. At the election of the District, any Parity Bonds may also be issued as book-entry bonds registered in the name of the Nominee as provided in the Indenture, in which case the references in “Book Entry System,” “Representation Letter,” “Transfers Outside Book-Entry System” and “Payments to Nominee” to “Bonds” will be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee will have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee will 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 the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee will pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments will be valid and effective to satisfy and discharge fully the

District's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, will receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the Indenture. Upon delivery by the Depository to the Trustee and the District 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 will refer to such new nominee of the Depository.

***Representation Letter.*** In order to qualify the Bonds and any Parity Bonds which the District elects to register in the name of the Nominee for the Depository's book entry system, an authorized representative of the District is authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter will not in any way limit the provisions of the Indenture or in any other way impose upon the District any obligation whatsoever with respect to Persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. In addition to the execution and delivery of the Representation Letter, the Authorized Representatives of the District are authorized to take any other actions, not inconsistent with the Indenture, to qualify the Bonds for the Depository's book entry program.

***Transfers Outside Book-Entry System.*** In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository will no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated will no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but will be registered in whatever name or names Persons transferring or exchanging Bonds designates, in accordance with the provisions of the Indenture.

***Payments to the Nominee.*** Notwithstanding any other provisions of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond will be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

## **CREATION OF FUNDS AND APPLICATION OF PROCEEDS**

### ***Creation of Funds; Application of Proceeds.***

(a) There is created and established and will be maintained by the Trustee the following funds and accounts:

(1) The Community Facilities District No. 2023-1 (La Pradera) Improvement Area No. 1 Special Tax Fund (the "Special Tax Fund") (in which there will be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account, and an Administrative Expense Account).

(2) The Community Facilities District No. 2023-1 (La Pradera) Improvement Area No. 1 Rebate Fund (the "Rebate Fund") (in which there will be established a Rebate Account and an Alternative Penalty Account).

(3) The Community Facilities District No. 2023-1 (La Pradera) Improvement Area No. 1 Acquisition and Construction Fund (the "Acquisition and Construction Fund") (in which there shall be established a Costs of Issuance Account and a Project Account and, within the Project Account, a School Facilities Subaccount and a Park District Subaccount)).



(4) The Community Facilities District No. 2023-1 (La Pradera) Improvement Area No. 1 Surplus Fund (the “Surplus Fund”).

The amounts on deposit in the foregoing funds, accounts and subaccounts will be held by the Trustee and the Trustee will invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of the Indenture and will apply investment earnings thereon in accordance with the provisions of the Indenture.

In connection with the issuance of any Parity Bonds, which may be issued only for the purpose of refunding the Bonds as described in the Indenture, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

***Deposits to and Disbursements from Special Tax Fund.***

(a) Except for Prepayments deposited to the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) the Administrative Expense Account of the Special Tax Fund in accordance with the Indenture;
- (2) the Interest Account of the Special Tax Fund;
- (3) the Principal Account of the Special Tax Fund;
- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Administrative Expense Account of the Special Tax Fund;
- (7) the Rebate Fund; and
- (8) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

***Administrative Expense Account of the Special Tax Fund.*** The Trustee will transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative; provided, however, that, the total amount transferred in a Fiscal Year, commencing with the 2025-26 Fiscal Year, will not exceed the Administrative Expenses Cap (plus Extraordinary Administrative Expenses in the event there are Extraordinary Administrative Expenses) until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to fund the Redemption Account in an amount necessary to pay mandatory sinking fund payments

on the Bonds and Parity Bonds due in such Fiscal Year and to restore the Reserve Account to the Reserve Requirement. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the District and will be disbursed as directed in a Certificate of an Authorized Representative.

***Interest Account and Principal Account of the Special Tax Fund.*** The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, will be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture described in the paragraph immediately above, at least one Business Day prior to each March 1 and September 1, the Trustee will make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of Administrative Expense Account and the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency will be made up by transfers by an immediate transfer from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date will be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due or as provided in the Indenture in connection with the purchase of Bonds or Parity Bonds.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing March 1, 2026, will equal the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account will be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

***Redemption Account of the Special Tax Fund.***

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund as required by the Indenture, the Trustee will next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency will be made up by an immediate transfer from the Reserve Account, if funded, pursuant to the Indenture. Moneys so deposited in the Redemption Account will be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedules set forth in the Indenture, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule in the Supplemental Indenture for such Parity Bonds.

(b) After making the deposits to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to the Indenture and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (a) above, and in accordance with the District's election to call Bonds for optional redemption as set forth in the Indenture, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee will transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expense Account therein) may be applied

to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(c) Moneys set aside in the Redemption Account will be used solely for the purpose of redeeming Bonds and Parity Bonds and will be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments (which will be used to redeem Bonds and Parity Bonds on the redemption date established pursuant to the Indenture, may be used to purchase Outstanding Bonds or Parity Bonds in the manner in the Indenture after provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date upon receipt by the Trustee of written direction of the District.

***Reserve Account of the Special Tax Fund.*** There will be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. If required, the amounts in the Reserve Account will be applied as follows:

(a) Moneys in the Reserve Account will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund pursuant to the Indenture upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds and Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee will withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers to the Administrative Expense Account, the Interest Account, the Principal Account and the Redemption Account, the Trustee will transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund will be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District will include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to the Indenture or Parity Bonds in accordance with the Indenture or any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with the Indenture, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial

defeasance equals the Reserve Requirement. The District will set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds or Parity Bonds, and the Trustee will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of the Indenture will be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and will be transferred to (i) to the Project Account of the Acquisition and Construction Fund to be deposited in the Subaccount therein as directed in writing by the District until the District has notified the Trustee in writing that there are no additional Project Costs which remain outstanding, then (ii) to the Interest Account of the Special Tax Fund.

***Rebate Fund.*** (a) The Trustee will establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund and will establish a separate Rebate Account and Alternative Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund will be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternative Penalty Account will be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds will be governed by the Indenture and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied. The Trustee will not be responsible for calculating rebatable arbitrage or for the adequacy or correctness or any rebate report or rebate calculations. The Trustee will be deemed conclusively to have complied with the provisions of the Indenture regarding calculation and payment of the rebatable arbitrage if the Trustee follows the directions of the District and the Trustee will have no independent duty to review such calculations or enforce the compliance with such rebate requirements.

(1) Rebate Account. The following requirements will be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the District will calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds to which the Rebate Fund provisions of the Indenture are applicable, 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 in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), 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 will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate for each series of Bonds and Parity Bonds, upon the written direction of an Authorized Representative of the District, an amount will be deposited to each subaccount of the Rebate Account by the Trustee from any funds so designated by the District if and to the extent required, so that the balance in

the Rebate Account will equal the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance with (i) above with respect to the Bonds and each issue of Parity Bonds to which the Rebate Fund provisions of the Indenture are applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the District, the Trustee will withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in each subaccount of the Rebate Account,

(X) not later than 60 days after the end of (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which the Rebate Fund provisions of the Indenture are applicable, 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 for the Bonds and each issue of Parity Bonds, as applicable; and

(Y) not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, as applicable, 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 Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to the Indenture will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, or will be made in such other manner as provided under the Code.

(2) Alternative Penalty Account.

(i) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District will determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District will obtain expert advice in making such determinations.

(ii) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Trustee, at the written direction of an Authorized Representative of the District, will deposit an amount in the appropriate subaccounts of the Alternative Penalty Account from any source of funds held by the Trustee pursuant to the Indenture and designated by the District in such written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in paragraph (a)(2)(i) above. In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by paragraph (iii) below, the Trustee, at the written direction of an Authorized Representative of

the District, may withdraw the excess from the applicable subaccount of the Alternative Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in a subaccount of the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from a subaccount of the Alternative Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District will calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternative Penalty Account from any funds held by the Trustee pursuant to the Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to the Indenture will be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T or will be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or an issue of Parity Bonds after redemption and payment of such issue and after making the payments described in paragraphs (a)(1)(iii) or (a)(2)(iii) above (whichever is applicable), will be withdrawn by the Trustee at the written direction of the District and utilized for any lawful purpose by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the Rebate Fund requirements of the Indenture will survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. The Rebate Fund provisions of the Indenture may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis.

**Surplus Fund.** After making the transfers required by the Indenture, as soon as practicable after each September 1, and in any event prior to each October 1, the Trustee will transfer all remaining amounts in the Special Tax Fund not so transferred to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) after all Project Costs have been paid to the District for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund will be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

***Acquisition and Construction Fund.***

(a) The moneys in the Costs of Issuance Account will be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative, and the balance therein on January 1, 2026 shall be transferred by the Trustee to the Park District Subaccount of the Acquisition and Construction Fund as set forth in a Certificate of an Authorized Representative and the Costs of Issuance Account will be closed.

(b) The moneys in the School Facilities Subaccount and the Park District Subaccount of the Project Account of the Acquisition and Construction Fund will be applied exclusively to pay the Project Costs. Amounts for Project Costs shall be disbursed by the Trustee from the School Facilities Subaccount or the Park District Subaccount, as applicable, of the Project Account of the Acquisition and Construction Fund, as specified in a Request for Disbursement of Project Costs, substantially in the form set forth in the Indenture, which must be submitted in connection with each requested disbursement.

(c) Upon receipt of a Certificate of an Authorized Representative stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund is no longer needed to pay Project Costs, the Trustee will transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there will have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

***Investments.*** Moneys held in any of the Funds, Accounts and Subaccounts under the Indenture will be invested at the written direction of the District in accordance with the limitations set forth below only in Authorized Investments which will be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments will be charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount will be applied as follows: (i) investment earnings on all amounts deposited in each Account or Subaccount of the Acquisition and Construction Fund (including the Subaccounts of the Project Account therein), the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) will be deposited in those respective Funds, Accounts and Subaccounts, and (ii) investment earnings on all amounts deposited in the Reserve Account will be deposited therein to be applied as set forth in the Indenture. Moneys in the Funds, Accounts and Subaccounts held under the Indenture may be invested by the Trustee as directed in writing by the District, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Acquisition and Construction Fund will be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as

close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund. Notwithstanding anything in the Indenture to the contrary, amounts in the Acquisition and Construction Fund three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Acquisition and Construction Fund on the date which is three years following the date of issuance of such issue of Parity Bonds will be invested by the District only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund will be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Authorized Investment to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds will mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(d) Moneys in the Rebate Fund will be invested only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to the Indenture or in Authorized Investments of the type described in clause (7) of the definition thereof.

(e) In the absence of written investment directions from the District, the Trustee will invest solely in Authorized Investments specified in clause (5) of the definition thereof.

The Trustee will sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts will be valued at their cost, except that amounts in the Reserve Account will be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations under the Indenture, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the Indenture to the contrary, the Trustee will not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture.

The Trustee may act as principal or agent in the making or disposing of any investment and will be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Authorized Investment so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of the Indenture, the Trustee will not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but will account for each separately.



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 will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

## COVENANTS AND WARRANTY

**Warranty.** The District will preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all Persons.

**Covenants.** So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer-Tax Collector to deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District will have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes will be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued under the Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing in the Indenture will prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

Levy of Special Tax. Beginning in Fiscal Year 2025-26 and so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax pursuant to the RMA in an amount sufficient, together with other amounts on deposit in the Special Tax Fund to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence 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 Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expense Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing in the Indenture contained will require the District to make any such payments so long as the District in good faith will contest the validity of any such claims.

Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries will be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts will at all times during business hours be subject to the inspection of the Trustee (who will have no duty to inspect) or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes 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:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other moneys or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity 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 Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) 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.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from

taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes 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 for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

Reduction of Maximum Special Taxes. The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in Improvement Area No. 1 would interfere with the timely retirement of the Bonds and Parity Bonds, if any, issued or planned to be issued pursuant to the Mitigation Agreement. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds, if any, issued or planned to be issued pursuant to the Mitigation Agreement to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it will not initiate proceedings to reduce the maximum Special Tax rates for the District, except as provided in the Indenture.

Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in Improvement Area No. 1 which purports to reduce the maximum Special Tax or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

Limitation on Right to Tender Bonds. The District covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District will 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 Bonds and Parity Bonds when due.

Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Agreement and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission. Notwithstanding any other provision of the Indenture, failure of the District to comply with its obligations under the Continuing Disclosure Agreement or any agreement executed by the District with respect to Parity Bonds will not be considered an event of default under the Indenture, and the sole remedy, in the event of any failure of the District to comply with the Continuing Disclosure Agreement or such other agreement will be an action to compel performance.

Further Assurances. The District will 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 Bonds and any Parity Bonds of the rights and benefits provided in the Indenture.

## AMENDMENTS TO INDENTURE

***Supplemental Indentures or Orders Not Requiring Bondowner Consent.*** The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect after the issuance of the Bonds, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which will not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the RMA in any manner, so long as the Trustee receives a certificate of an Independent Financial Consultant stating that such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District; or

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners.

***Supplemental Indentures or Orders Requiring Bondowner Consent.*** Exclusive of the Supplemental Indentures described in the Indenture, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding will have the right to consent to and approve the adoption by the District of such Supplemental Indentures as will be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture will permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District will desire to adopt a Supplemental Indenture, which pursuant to the terms of the Indenture will require the consent of the Bondowners, the District will so notify the Trustee and will deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee will, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice will not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a

majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee will receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments will refer to the proposed Supplemental Indenture described in such notice, and will specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, will thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any Person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, will be disregarded and will be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of the Indenture, the Indenture will be, and will be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds will thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

***Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds.*** After the effective date of any action taken as provided in the Indenture, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of his Bond or Parity Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action will be made on such Bonds or Parity Bonds. If the District so determines, new Bonds or Parity Bonds so modified as, in the opinion of the District, is necessary to conform to such action will be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds will be exchanged at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

## **TRUSTEE**

***Trustee.*** U.S. Bank Trust Company, National Association will be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements of the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture.

The Trustee is authorized to and will mail by first class mail, postage prepaid, or wire transfer in accordance with the Indenture, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Trustee is authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in the Indenture, and to provide for the authentication of Bonds and Parity Bonds, and will perform all other duties assigned to or imposed on it as provided in the Indenture. The Trustee will keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee will cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of the Indenture.

The District will from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties under the Indenture, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless from and against costs, claims, expenses and liabilities (including, without limitation, fees and expenses of its attorneys), not arising from its own negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction, which it may incur in the exercise and performance of its powers and duties under the Indenture. The foregoing obligation of the District to indemnify the Trustee will survive the removal or resignation of the Trustee or the discharge of the Bonds and any Parity Bonds.

**Removal of Trustee.** The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor will be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal will become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

**Resignation of Trustee.** The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice will be mailed to the Owners at their addresses appearing in the registration books in the Principal Office of the Trustee. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee will have been appointed by the District pursuant to the Indenture, within thirty (30) days of giving such notice or removal or resignation, the Trustee, or any Owner may petition, at the expense of the District a 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 a successor Trustee under the Indenture.

**Liability of Trustee.** The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds and any Parity Bonds will be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and will incur no responsibility in respect of the Indenture, other than in connection with its duties or obligations specifically set forth in the Indenture, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee will be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. In no event will the Trustee be responsible or liable for special, indirect, consequential, punitive or incidental loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. In no event will the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work

stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access; it being understood that the Trustee will use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

The Trustee will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered under the Indenture in good faith and in accordance therewith.

The Trustee will not be bound to recognize any Person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee will 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 of the Indenture be in the Indenture specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith of the Indenture, but in its discretion the Trustee may, in lieu of the Indenture, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee will have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means (as defined in the Indenture); provided, however, that the Trustee will have received an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate will be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services under the Indenture. If the parties elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The parties agree that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee will conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District will be responsible for ensuring that only Authorized Officers transmit such instructions to the Trustee, and the parties and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. The Trustee will not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The District agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree

of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

All notices, approvals, consents, requests and any communications to the Trustee under the Indenture must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law will be deemed original signatures for all purposes. If the parties choose to use electronic signatures to sign documents delivered to the Trustee, such parties agree to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

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

## EVENTS OF DEFAULT; REMEDIES

***Events of Default.*** Any one or more of the following events will constitute an “Event of Default”:

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same will become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same will become due and payable; or

(c) except as described in (a) or (b), default will be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, and such default will have continued for a period of 30 days after the District will have been given notice in writing of such default by the Owners of 50% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of the Trustee’s knowledge of an event of default under (c) above.

***Remedies of Owners.*** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, with respect to the Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or



(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default will have occurred and be continuing and if requested so to do by the Owners of at least fifty percent (50%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, will deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or now or existing after the issuance of the Bonds, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

***Application of Revenues and Other Funds After Default.*** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds and Parity Bonds will be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts will be insufficient to pay in full the full amount of such interest and principal, then such amounts will be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

***Power of Trustee to Control Proceedings.*** In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of fifty percent (50%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds will have the

right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds and Parity Bonds issued under the Indenture, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

***Appointment of Receivers.*** Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment will confer.

***Non-Waiver.*** Nothing in the Indenture, or in the Bonds or the Parity Bonds, will affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as in the Indenture provided, out of the Net Taxes and other moneys in the Indenture pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee or the Owners, as the case may be.

***Limitations on Rights and Remedies of Owners.*** No Owner of any Bond or Parity Bond issued under the Indenture will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner will have previously 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 all the Bonds and Parity Bonds then Outstanding will have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners will have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will 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 Bonds and Parity Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds and Parity Bonds will have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as in the Indenture provided or to institute suit for the enforcement of any such payment, will not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture or any other provision of the Indenture.

**Termination of Proceedings.** In case the Trustee will have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely, then and in every such case, the District, the Trustee and the Owners will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

## DEFEASANCE AND PARITY BONDS

**Defeasance.** If the District will pay or cause to be paid, or there will otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond will cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Bond or Parity Bond will thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to the Indenture, the Trustee will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond will be deemed to have been paid within the meaning expressed in the first paragraph immediately above if such Bond or Parity Bond is paid in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same will become due and payable; or
- (c) by depositing with the Trustee, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same will become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds will not have been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond will cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in the Indenture or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election will be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (c) above, there will be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with the Indenture, as and when the same will become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds

or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, will release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under the Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds and Parity Bonds, the Trustee will pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee will, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

***Conditions for the Issuance of Parity Bonds.*** The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account in the Indenture) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds, may only be issued for the purposes of refunding all or a portion of the Bonds or Parity Bonds then Outstanding subject to the following specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds:

(a) The District will be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect will have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds will have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds will have been provided for by a Supplemental Indenture duly adopted by the District which will specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date will fall on an September 1, (ii) all such Parity Bonds of like maturity will be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, will be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

- (8) the form of such Parity Bonds; and
- (9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District will have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee will be directed by the District to accept any of such documents bearing a prior date):

- (1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;
- (2) a written request of the District as to the delivery of such Parity Bonds;
- (3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;
- (4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;
- (5) where the Parity Bonds are issued to refund the Bonds or other Parity Bonds, a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and
- (6) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

#### MISCELLANEOUS

***Cancellation of Bonds and Parity Bonds.*** All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption will be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose will be, cancelled forthwith and will not be reissued. The Trustee will destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

**Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds or Parity Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds will be sufficient for the purposes of the Indenture (except as otherwise provided in the Indenture), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee will also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the Person in whose name the same will be registered in the Bond Register will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, will be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee will be affected by any notice to the contrary.

Nothing contained in the Indenture will be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters in the Indenture stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond will bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

**Unclaimed Moneys.** Anything in the Indenture to the contrary notwithstanding but subject to the escheat laws of the State, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, will be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, will cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date will not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

**Provisions Constitute Contract.** The provisions of the Indenture will constitute a contract between the District and the Bondowners and the provisions of the Indenture will be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture will be irrevocable, but will be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

***Future Contracts.*** Nothing in the Indenture contained will be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge under the Indenture, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged under the Indenture.

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

***Action on Next Business Day.*** 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, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, 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 therefore in the Indenture.

## APPENDIX G

### FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of October 1, 2025, is executed and delivered by Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District (the “Issuer” or “District”) and Koppel & Gruber Public Finance, as dissemination agent, in connection with the issuance and delivery by the Issuer of the Improvement Area No. 1 Series 2025 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to Resolution No. \_\_\_\_~2024/2025 of the District and a Bond Indenture, dated as of October 1, 2025, (the “Indenture”). The Issuer covenants as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

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

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

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

“*Disclosure Representative*” shall mean the Superintendent of the School District, the Chief Business Official or his or her designee, or such other officer or employee as the School District shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean, initially, Koppel & Gruber Public Finance, or any successor Dissemination Agent designated in writing by the Issuer which has filed with the then current Dissemination Agent a written acceptance of such designation.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

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

“*MSRB*” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“*Official Statement*” shall mean that certain Official Statement for the Bonds dated \_\_\_\_\_, 2025.

“*Parity Bonds*” shall mean all bonds, notes or other similar evidences of indebtedness issued after the Bonds, payable out of the Net Taxes and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the Bonds.



*“Participating Underwriter”* shall mean Stifel, Nicolaus & Company, Incorporated.

*“Repository”* shall mean the Electronic Municipal Market Access System of the MSRB, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

*“Tax-exempt”* shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

### SECTION 3. Provision of Annual Reports.

(a) Not later than March 31 immediately following the end of the Issuer’s fiscal year, commencing March 31, 2026, the Issuer shall provide, or shall cause the Dissemination Agent to provide, to the Repository in an electronic format and accompanied by identifying information as prescribed by the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if any, may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer’s fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the Repository and the Dissemination Agent of a change in the fiscal year dates.

(b) In the event that the Dissemination Agent is an entity other than the Issuer, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with subsection (a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Issuer is the Dissemination Agent and the Issuer is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer in a timely manner shall send a notice to the Repository in substantially the form attached to this Disclosure Agreement as Exhibit A. If the Dissemination Agent is other than the Issuer and if the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall, in a timely manner, send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Disclosure Dissemination Agent shall upon receipt, promptly file each Annual Report received under Section 3(b) with the Repository.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRSB's Electronic Municipal Market Access system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended, if such audited financial statements are prepared. If the audited financial statements (if prepared) are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer, if any, in a format similar to the audited financial statements (if prepared), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the Issuer, if prepared, shall be audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited financial statements (if prepared) shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements, if any, are prepared, the Issuer shall provide a notice of such modification to the Repository, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis. If no financial statements of the Issuer are prepared, then none shall be included on the Annual Report. For purposes of this section, the audited financial statements of the School District shall not be deemed to be the audited financial statements of the Issuer, unless such audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances. The Issuer does not currently prepare audited financial statements and it is not anticipated that the Issuer will prepare audited financial statements in the future.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) the principal amount of all outstanding Bonds and Parity Bonds of the District as of September 2 of each year;

(ii) the balance in each fund under the Indenture as of the September 2 preceding the filing of the Annual Report, including (i) the Reserve Account and (ii) a statement of the Reserve Requirement;

(iii) a summary of the Special Taxes levied within the Issuer in the current fiscal year and an update of Table 8 based on the assessed value of such land, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report date;

(iv) any changes to the Rate and Method of Apportionment of the Special Tax approved or submitted to the electors for approval prior to the filing of the Annual Report;

(v) the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes;

(vi) the delinquency rate for the Special Taxes for the preceding fiscal year and the identity of any property owner whose delinquent Special Taxes represent more than 5% of the amount levied and the assessed value-to-lien ratios of such delinquent properties;

(vii) a statement as to the District's participation in the County's Teeter Plan (as such term is defined in the Official Statement) and the inclusion of the Special Taxes in such Teeter Plan; and

(viii) any information not already included under (i) through (vi) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

In addition to any of the information expressly required to be provide under paragraphs (a) or (b) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements set forth in clauses (i) to (viii), in the light of the circumstances under which they were made, not misleading.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Repository. The Issuer shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Listed Events.

(a) The Issuer shall notify the Dissemination Agent in a timely manner not more than eight (8) Business Days after the following events, and the Dissemination Agent shall file a notice with the Repository in a timely manner not more than ten (10) Business Days after the following events:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB);
6. defeasances;
7. tender offers;
8. bankruptcy, insolvency, receivership or similar proceedings<sup>1</sup>;
9. ratings changes; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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<sup>1</sup> Note: For the purposes of the event identified in subparagraph (a)(8), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(b) Additionally, the Issuer shall provide the Dissemination Agent, and the Dissemination Agent shall promptly file with the Repository in a timely manner not more than ten (10) Business Days after the following events, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults;
2. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds
3. modifications to the rights of Bondholders;
4. Bond calls;
5. release, substitution or sale of property securing repayment of the Bonds;
6. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated persons, 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.
7. appointment of a successor or additional fiscal agent or the change of the name of a fiscal agent; and
8. incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

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

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Koppel & Gruber Public Finance. The Dissemination Agent may resign by providing (i) thirty days written notice to the Issuer, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment.

(a) This Disclosure Agreement may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as

any change in circumstances, (3) the Issuer shall have delivered to the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer and the Participating Underwriter, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners or Beneficial Owners, or such amendment shall have been approved by the Owners in the same manner as an amendment to the Indenture, and (5) the Issuer shall have delivered copies of such opinion and amendment to the Repository and the Participating Underwriter.

(b) This Disclosure Agreement also may be amended by written agreement of the parties upon obtaining consent of Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Owners of the Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied.

(c) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer 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.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended may apply to the Issuer, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer and/or the Dissemination Agent to comply with their respective 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 Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against

any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Any Dissemination Agent other than the Issuer shall be paid (i) compensation by the Issuer for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Issuer pursuant to this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

The Dissemination Agent may file reports, notices and other information as required by this agreement electronically to the Repository. If the Issuer is equipped to receive such information electronically, the Dissemination Agent will include the Issuer in any simultaneous electronic dissemination of materials.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the 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.

SECTION 14. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 15. Notices. Notices shall be provided, as required hereunder, to the applicable addressees below:

Issuer:	Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District 25900 Leon Road Homeland, California 92548 Telephone: (951) 926-9244 Facsimile: (951) 926-2170 Attention: Chief Business Official
Dissemination Agent:	Koppel & Gruber Public Finance 334 Via Vera Cruz, Suite 256 San Marcos, CA 92078 Telephone: (760) 510-0290 Facsimile: (760) 510-0288 Attention: Lyn Gruber

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 16. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 17. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

COMMUNITY FACILITIES DISTRICT NO. 2023-1 (LA PRADERA) OF THE ROMOLAND SCHOOL DISTRICT

By: \_\_\_\_\_  
Chief Business Official of the Romoland School  
District on behalf of Community Facilities District No.  
2023-1 (La Pradera) of the Romoland School District

KOPPEL & GRUBER PUBLIC FINANCE,  
as Dissemination Agent

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District

Name of Bond Issue: Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District Improvement Area No. 1 Series 2025 Special Tax Bonds

Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that Community Facilities District No. 2023-1 (La Pradera) of the Romoland School District (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of October 1, 2025. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

\_\_\_\_\_,  
as Dissemination Agent

cc: Community Facilities District No. 2023-1 (La Pradera)  
of the Romoland School District



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## APPENDIX H

### BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no 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 to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

The Depository Trust Company ("DTC"), New York, New York, 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 maturity, and will be deposited through the facilities of 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](http://www.dtcc.com). The information on such website is not incorporated by reference in this Official Statement.

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 Bonds representing their ownership interests in 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 2017 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 interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payment 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 interest 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 Bonds 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.

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