

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 19, 2025

NEW ISSUE – BOOK ENTRY ONLY

NON-RATED

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$2,345,000*

**COMMUNITY FACILITIES DISTRICT NO. 15 OF THE
SAN MARCOS UNIFIED SCHOOL DISTRICT (IMPROVEMENT AREA B)
SERIES 2025 SPECIAL TAX BONDS**

Dated: Date of Delivery

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

The Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B) Series 2025 Special Tax Bonds (the "Bonds") are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the California Government Code), and the Fiscal Agent Agreement, dated as of September 1, 2025 (the "Fiscal Agent Agreement"), by and between Community Facilities District No. 15 of the San Marcos Unified School District (the "District") for its Improvement Area B ("Improvement Area B") and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). The Bonds are being issued by the District (for Improvement Area B) to: (i) acquire and/or construct certain school facilities eligible to be financed through the District, (ii) make a deposit to a Reserve Fund in an amount equal to the Reserve Requirement (as such terms are defined herein) for the Bonds, and (iii) pay certain costs of issuing the Bonds.

The Bonds are payable, from and secured by, a pledge of certain Net Taxes (as defined and discussed herein) and certain other funds held by the Fiscal Agent. Pursuant to the Fiscal Agent Agreement, the District may not issue any additional bonds, notes, or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes (as defined herein), except: (i) bonds issued to fully or partially refund the Bonds; and (ii) subordinate bonds, notes, or other similar evidences of indebtedness. See "SECURITY FOR THE BONDS – No Additional Parity Bonds Except for Refunding" herein.

The Bonds will be issued in the denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable on March 1, 2026, and semiannually thereafter on September 1 and March 1 each year. The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Fiscal Agent, as registrar, paying agent and fiscal agent for the Bonds to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Fiscal Agent's books as of the 15th day of the calendar month immediately preceding each interest payment date. See "THE BONDS" herein and in "APPENDIX F – Book-Entry-Only Provisions."

*The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid special taxes as described herein. See "THE BONDS – Redemption" herein.

See "SPECIAL RISK FACTORS" herein for a discussion of the risk factors that should be considered in evaluating the investment quality of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT, THE COUNTY OF SAN DIEGO (THE "COUNTY"), THE STATE OF CALIFORNIA (THE "STATE") 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 SAN MARCOS UNIFIED 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 BOND FUND, REDEMPTION FUND AND THE RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of this Bond issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

Maturity Schedule
(See inside cover page.)

The Bonds are being offered when, as, and if issued by the District, subject to the approval as to their legality by Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon by Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, as Special Counsel to the District, Jones Hall LLP, San Mateo, California, as Disclosure Counsel, and by Kutak Rock LLP, Irvine, California, as Underwriter's Counsel. Delivery of the Bonds is expected to occur through the facilities of DTC on or about September 23, 2025*.

STIFEL

Dated: _____, 2025

* Preliminary; subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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 prior to registration or qualification under the securities laws of such jurisdiction.

\$2,345,000*
COMMUNITY FACILITIES DISTRICT NO. 15 OF THE
SAN MARCOS UNIFIED SCHOOL DISTRICT (IMPROVEMENT AREA B)
SERIES 2025 SPECIAL TAX BONDS

MATURITY SCHEDULE

Base CUSIP® No.† 798762

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP® No.†
2026				
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				

\$ _____ % Term Bond Due September 1, _____; Yield: _____%; Price: _____%; CUSIP® No.†:

\$ _____ % Term Bond Due September 1, _____; Yield: _____%; Price: _____%; CUSIP® No.†:

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2025 CUSIP Global Services. All rights reserved. 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 only. Neither of the District, the School District nor the Underwriter takes any responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**SAN MARCOS UNIFIED SCHOOL DISTRICT
GOVERNING BOARD**

Sarah Ahmad, *President*
Andres Martin, *Vice President*
Stacy Carlson, *Clerk*
Heidi Herrick, *Member*
Lena Meum, *Member*

SCHOOL DISTRICT STAFF

Andrew S. Johnsen, Ed.D., *Superintendent*
Erin Garcia, *Assistant Superintendent, Business Services*
Arazele Salazar, *Executive Director of Finance*

PROFESSIONAL SERVICES

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and District Counsel

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

Disclosure Counsel

Jones Hall LLP
San Mateo, California

***Special Tax Consultant/
Community Facilities District Administrator***

KeyAnalytics
Mission Viejo, California

Fiscal Agent

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THE OFFICIAL STATEMENT

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

THE ISSUANCE AND SALE OF THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, IN RELIANCE UPON EXEMPTIONS FOR THE ISSUANCE AND SALE OF MUNICIPAL SECURITIES PROVIDED UNDER SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933 AND SECTION 3(A)(12) OF THE SECURITIES EXCHANGE ACT OF 1934. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and any continuing disclosure documents of the District are intended to be made available through the San Marcos Unified School District (the "School District") at the address indicated below. The District has undertaken to provide certain continuing disclosure pursuant to a Continuing Disclosure Certificate, as described herein. Copies of the resolutions and other documents relating to the issuance of the Bonds are available upon request, and upon payment to the District of a charge for copying, mailing and handling, from the office of the Assistant Superintendent, Business Services of the School District at 255 Pico Avenue, Suite 250, San Marcos, California 92069.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, 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 District or Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

The information set forth herein has been obtained from the District and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the Underwriter. This information is not guaranteed as to accuracy and is not to be construed as a representation by the District 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 any 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 of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information and expressions of opinions herein are subject to change without notice and neither 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 District since the date hereof.

All summaries of the Fiscal Agent Agreement (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the District or the School District.

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 Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words and include, but are not limited to, statements under the caption "THE DEVELOPMENT."

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

The achievement of certain results or other expectations contained in such forward-looking statements involves 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. No assurance is given that actual results will meet the forecasts of the District or School District in any way regardless of the optimism communicated in the information and such statements only speak as of the date of this Official Statement. While the District has agreed to provide certain on-going financial and operating data, except as specifically described under the caption "CONTINUING DISCLOSURE," the District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based change.

The information set forth herein has been obtained from the School District for the District, and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the School District or the Underwriter. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the District since the date hereof. All summaries contained herein of any resolutions, each respective Fiscal Agent Agreement, or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions.

The School District maintains a website and social media accounts; however, information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B)



Las Posas Road

Skylark Lane

Cayley Avenue

Pacific Ocean
8.6 miles



8.1 miles

Boundaries are Approximate. Flyover Date of June 29, 2025.

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OFFICIAL STATEMENT

\$2,345,000*

**COMMUNITY FACILITIES DISTRICT NO. 15 OF THE
SAN MARCOS UNIFIED SCHOOL DISTRICT (IMPROVEMENT AREA B)
SERIES 2025 SPECIAL TAX BONDS**

INTRODUCTION

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

General

The purpose of this Official Statement, which includes the cover page and appendices hereto (the “**Official Statement**”), is to provide certain information concerning the sale and issuance of the Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B) Series 2025 Special Tax Bonds (the “**Bonds**”). The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the California Government Code) (the “**Act**”), a Resolution of Issuance adopted by the Governing Board (the “**Governing Board**”) of the San Marcos Unified School District (the “**School District**”), acting as the Legislative Body of the District (defined below), on August 14, 2025, and a Fiscal Agent Agreement, dated as of September 1, 2025 (the “**Fiscal Agent Agreement**”), by and between Community Facilities District No. 15 of the San Marcos Unified School District (the “**District**”) and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”).

The Bonds are being issued by the District (on behalf of Improvement Area B of the District, described below) to: (i) acquire and/or construct certain school facilities eligible to be financed through the District, (ii) make a deposit to the Reserve Fund in an amount equal to the Reserve Requirement (as such terms are defined herein) for the Bonds, and (iii) pay certain costs of issuing the Bonds. The Bonds are payable from and secured by a pledge of certain Net Taxes (as defined and discussed herein) and certain other funds held by the Fiscal Agent. See “THE BONDS – Authority for Issuance” herein.

All capitalized terms used in this Official Statement and not defined herein shall have the meaning(s) set forth in the Fiscal Agent Agreement. See “APPENDIX D – Summary of Certain Provisions of the Fiscal Agent Agreement” herein.

* Preliminary; subject to change.

The School District

The School District was established in 1976 and currently comprises approximately 49 square miles of territory in the northern portion of the County of San Diego (the “**County**”). The School District’s current boundaries include portions of the cities of Carlsbad, Escondido, San Marcos and Vista, and portions of unincorporated territory in the County. Approximately 60% of the territory of the School District is within the jurisdictional limits and the sphere of influence of the City of San Marcos. The School District currently administers ten elementary schools for grades TK-6 and two elementary schools for grades TK-8, three middle schools, two comprehensive high schools, one independent study program serving grades 6-12 (alternative education), one continuation high school serving grades 9-12 (alternative education), and an adult school program. The School District’s 2024-25 enrollment was approximately 18,860 students.

The administrative offices of the School District are located at the North County Regional Education Center, 255 Pico Avenue, Suite 250, San Marcos, California 92069. For further information on the School District, see its internet home page at www.smusd.org. This internet address is included for reference only and the information on such internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.

The District and Improvement Area B

The District, and two improvement areas designated therein, were formed by the School District pursuant to proceedings taken pursuant to the Act. The Governing Board acts as the legislative body (the “**Legislative Body**”) of the District. Once duly established, a community facilities district is a legally constituted governmental entity established for the purpose of financing specific facilities and/or services within defined boundaries. Under the Act, improvement areas within a community facilities district have their own special tax rates and bonded indebtedness limit; unless expressly stated otherwise, there is no cross-collateralization between improvement areas within a community facilities district. Subject to approval by a two-thirds vote of the qualified voters within a community facilities district (or improvement area(s) therein) and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect special taxes to repay such bonded indebtedness.

On August 17, 2021, the Governing Board adopted resolutions stating its intent to form the District including two improvement areas therein (Improvement Area A of the District (“**Improvement Area A**”) and Improvement Area B of the District (“**Improvement Area B**” and collectively with Improvement Area A, the “**Improvement Areas**”), to authorize the levy of a special tax on land in each improvement area, and to authorize the District to incur bonded indebtedness for each Improvement Area. Improvement Area A and Improvement Area B do not overlap and are not cross-collateralized. Following public hearings conducted pursuant to the Act, the Governing Board adopted resolutions establishing the District (and designating Improvement Area A and Improvement Area B as improvement areas therein) and calling a special election to submit the levy of the special taxes and the incurring of bonded indebtedness to the qualified electors of each improvement area. On September 21, 2021, at a special election held pursuant to the Act, the sole qualified elector within Improvement Area B voted to authorize the District to incur bonded indebtedness in an amount not to exceed \$4,000,000 for Improvement Area B and approved the levy and collection of levy a special tax within Improvement Area B (the “**Special Tax**” or “**Special Taxes**”) pursuant to the Rate and Method of Apportionment of the Special Tax for Improvement Area B (the “**Rate and Method of Apportionment**”) to pay the principal of, and interest on, bonded indebtedness incurred on behalf of Improvement Area B and to finance the authorized public facilities. The Rate and Method of Apportionment (which applies only to

property within the boundaries of Improvement Area B) is set forth in its entirety as APPENDIX A. The District has already incurred bonded indebtedness in an original principal amount of \$3,665,000 for Improvement Area A secured by the taxable property within the boundaries of Improvement Area A. *Only the taxable property within the boundaries of Improvement Area B constitutes security for the Bonds; the land outside the boundaries of Improvement Area B (including the land within the boundaries of Improvement Area A) will not be subject to the Special Taxes, or otherwise provide any security for the Bonds.*

The Bonds are payable from the Special Taxes levied upon taxable property within the boundaries of Improvement Area B. See the table under the caption “SECURITY FOR THE BONDS – Estimated Debt Service Coverage.” There are overlapping special taxing districts on properties within the boundaries of Improvement Area B, formed by other public entities including, but not limited to, the City of San Marcos (the “**City**”) for City services and City facilities. See “OWNERSHIP AND VALUE OF LAND IN IMPROVEMENT AREA B – Direct and Overlapping Debt” herein. The Bonds will be issued in the amount set forth on the inside cover of this Official Statement. See “FINANCING PLAN.”

The Development

Taxable property in Improvement Area B consists of 89 completed homes developed by Lennar Homes of California, LLC, a California limited liability company (“**Lennar Homes**”). All 89 homes have been completed, sold and closed to individual homeowners. For additional details on the development project, see “THE DEVELOPMENT.”

Sources of Payment for the Bonds

The Bonds will be secured by Net Taxes received by the District from the properties within Improvement Area B pledged to repay the Bonds, and by moneys in the Special Tax Fund, the Bond Fund, the Reserve Fund and the Redemption Fund, each as established under the Fiscal Agent Agreement. “Net Taxes” are comprised of Special Taxes levied and collected on parcels of real property within Improvement Area B less Administrative Expenses of up to \$27,060.80 for Fiscal Year 2025-26, escalating at 2% per Fiscal Year thereafter. The Special Taxes are included on the *ad valorem* property tax bills sent by the County each year to the owners of record of property within the boundaries of Improvement Area B. See “SECURITY FOR THE BONDS.”

A debt service Reserve Fund will be established in an amount equal to the Reserve Requirement (as such terms are defined herein). The ability of the Governing Board, in its capacity as the Legislative Body of the District, to increase the annual Special Taxes levied to replenish the Reserve Fund is subject to the maximum annual amount of Special Taxes authorized by the qualified voter of Improvement Area B of the District. Amounts in the Reserve Fund will only be used for payment of principal of, interest and any redemption premium on, the Bonds. See “SECURITY FOR THE BONDS – Reserve Fund.”

The District has covenanted for the benefit of the owners of the Bonds (the “**Bondowners**”) that the District will take certain actions with respect to delinquencies in the payment of Special Taxes, including, but not limited to, commencing foreclosure action, all as set forth in the Fiscal Agent Agreement. See “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure.”

Assessed Value of Taxable Property in Improvement Area B

For Fiscal Year 2024-25, the County of San Diego Assessor assessed 88 of the 89 taxable parcels within Improvement Area B, resulting in a total assessed value shown in the County's property tax roll for Fiscal Year 2024-25 of \$110,681,007. For Fiscal Year 2025-26, it is expected that all 89 taxable parcels will be assessed. Using the Fiscal Year 2024-25 assessed value of taxable property in Improvement Area B (\$110,681,007), the ratio of the assessed value to the amount of land-secured bonded indebtedness of property in Improvement Area B, consisting solely of the Bonds (\$2,345,000*) is approximately 47.20* to 1 (the "**Assessed Value-to-Debt Ratio**"). Individual value-to-debt ratios may vary considerably from this average and there can be no assurance that the value of property in Improvement Area B will not decline in the future. See "SPECIAL RISK FACTORS – Property Values." In addition, see "OWNERSHIP AND VALUE OF LAND IN IMPROVEMENT AREA B – Direct and Overlapping Debt" and "APPENDIX G – District Taxable Property Parcel Listing".

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") 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 NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE BOND FUND, THE SPECIAL TAX FUND, THE REDEMPTION FUND AND THE RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

No Additional Parity Bonds Except for Refunding

The Fiscal Agent Agreement provides that the District may not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of the Net Taxes, except: (i) bonds issued to fully or partially refund the Bonds; and (ii) subordinate bonds, notes or other similar evidences of indebtedness. See "SECURITY FOR THE BONDS – No Additional Parity Bonds Except for Refunding."

Description of the Bonds

Payments. Interest on the Bonds is payable on March 1, 2026, and semiannually thereafter on September 1 and March 1 each year. Principal of and premium, if any, on the Bonds shall be payable by the Fiscal Agent, as registrar, transfer agent and fiscal agent. See "THE BONDS" and "APPENDIX F – Book-Entry-Only Provisions" herein.

Redemption.* The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS – Redemption" herein.

Registration, Transfers and Exchanges. The Bonds will be issued as fully-registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") under the book-entry system maintained by DTC. See "THE BONDS" and "APPENDIX F – Book-Entry-Only Provisions."

* Preliminary; subject to change.

Tax Matters

General. In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (“**Code**”). In the further opinion of Bond Counsel interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

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

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel. Fieldman, Rolapp & Associates, Inc., Irvine, California is acting as Municipal Advisor, and KeyAnalytics, as Special Tax Consultant and Community Facilities District Administrator. Jones Hall LLP, San Mateo, California, is acting as Disclosure Counsel. Kutak Rock LLP, Irvine, California is acting as Underwriter’s Counsel. U.S. Bank Trust Company, National Association, San Francisco, California, is acting as the Fiscal Agent.

Special Risks

See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors which should be considered, in addition to the other materials set forth herein, in considering the investment quality of the Bonds.

Continuing Disclosure

In order to assist Stifel, Nicolaus & Company, Incorporated, the underwriter of the Bonds (the “**Underwriter**”), in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “**Rule**”), the District will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” herein. The specific nature of the information to be provided by the District is set forth below in “APPENDIX B – Form of Continuing Disclosure Certificates.”

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, certain sections of the Fiscal Agent Agreement, security for the Bonds, special risk factors, Improvement Area B, the District, the School District,

the development projects ongoing within Improvement Area B, and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Bonds, the Fiscal Agent Agreement, and other resolutions and documents referenced herein are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Bonds, the Fiscal Agent Agreement, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of documents referred to herein and information concerning the Bonds are available from the School District by contacting: San Marcos Unified School District, 255 Pico Avenue, Suite 250, San Marcos, California 92069, Attention: Assistant Superintendent, Business Services. The School District may impose a charge for copying, handling and mailing such requested documents.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the School District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither 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 District or Improvement Area B since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

FINANCING PLAN

Authorized Facilities

The Bonds are being issued for the primary purpose of providing funds for the School District to construct and/or acquire authorized school facilities. The authorized school facilities consist of any school facility with an estimated useful life of five years or longer, including sites and site improvements, supporting infrastructure, classrooms, recreational facilities, on-site office space at a school, central support and administrative facilities, among others, needed by the School District in order to serve the student population to be generated as a result of development of the property within the District (including Improvement Area B).

Proceeds of the Bonds will also be used to fund the Reserve Fund to the Reserve Requirement and pay certain costs of issuing the Bonds.

Estimated Sources and Uses

The proceeds to be received from the sale of the Bonds, are estimated to be applied as follows:

Sources of Funds:

Par Amount of the Bonds	\$
Plus/Less [Net] Original Issue Premium/Discount	
Total Sources	<hr/> \$

Uses of Funds:

Deposit to School Facilities Account of the Construction Fund	\$
Deposit to Reserve Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Underwriter's Discount	
Total Uses	<hr/> \$

(1) The Reserve Fund will be funded to the initial Reserve Requirement.

(2) Costs of Issuance include Municipal Advisor fees, Special Tax Consultant fees, Bond Counsel fees, Disclosure Counsel fees, certain Fiscal Agent fees, printing costs and certain other costs associated with the issuance and delivery of the Bonds.

THE BONDS

The Bonds will be dated the date of delivery thereof, and will be issued in the aggregate principal amount set forth on the inside cover hereof. The Bonds will bear interest from their Dated Date at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing 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 hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Principal and premium, if any, on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the designated corporate trust office of the Fiscal Agent. Interest on the Bonds (including the final interest payment upon maturity or early redemption) is payable by check of the Fiscal Agent mailed by first class mail to the registered Owners as shown on the Fiscal Agent’s books as of the fifteenth day (whether or not such day is a business day) of the calendar month immediately preceding each Interest Payment Date.

Authority for Issuance

The Bonds are issued pursuant to the Act, proceedings for the formation of the District and the Improvement Areas thereof, a Resolution of Issuance and the Fiscal Agent Agreement. The Bonds are issued upon and primarily secured by certain Special Taxes levied against taxable parcels of real property located within the boundaries of Improvement Area B.

Redemption*

Optional Redemption. The Bonds are subject to optional redemption from any source of funds other than from Special Tax prepayments, in whole, or in part in the order of maturity as selected by the District and by lot within a maturity, on any Interest Payment Date beginning September 1, 20__, at the following redemption prices (expressed as percentages of principal amount of the Bonds to be redeemed) together with accrued interest to the date set for redemption:

<u>Redemption Date</u>	<u>Redemption Prices</u>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

*Preliminary; subject to change.

Mandatory Redemption from Prepaid Special Taxes. The Bonds are subject to mandatory redemption, in whole, or in part, in the order of maturity selected by the District and by lot within a maturity, on any Interest Payment Date from and to the extent of any prepayment of Special Taxes at the following redemption prices (expressed as percentages of principal amount of the Bonds to be redeemed) together with accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Prices</u>
Any Interest Payment Date through and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

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

Prepayments of Special Taxes could be made by any of the owners of any of the property within the District; and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price, if applicable, could reduce the otherwise expected yield on such Bonds. See "SPECIAL RISK FACTORS – Extraordinary Redemption from Prepaid Special Taxes."

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in part, by lot, on September 1 of each year, commencing September 1, 20__, and on each September 1 thereafter in accordance with the schedule set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

Term Bonds Maturing September 1, 20__

<u>Redemption Date (September 1)</u>	<u>Sinking Fund Amount</u>
20__	\$
20__	
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption in part, by lot, on September 1 of each year, commencing September 1, 20__, and on each September 1 thereafter in accordance with the schedule set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

Term Bonds Maturing September 1, 20

Redemption Date (September 1)	Sinking Fund Amount
20__	\$
20__	
20__ (maturity)	

Selection of Bonds for Redemption. If less than all of the Outstanding Bonds are to be redeemed, the Fiscal Agent shall select the Bonds to be redeemed as directed by the District, and in the absence of such directions, pro rata among maturities and by lot within a single maturity, and in the case of mandatory redemption, by lot within the maturity being called for redemption.

Purchase of Bonds In Lieu of Redemption. In lieu of, or partially in lieu of, any optional redemption, special mandatory redemption from prepaid Special Taxes or mandatory sinking fund redemption, moneys deposited in an account of the Redemption Fund may be used to purchase the Outstanding Bonds that were to be redeemed with such funds as provided in the Fiscal Agent Agreement. Purchases of Outstanding Bonds may be made by the District prior to the selection of the Bonds for redemption by the Fiscal Agent, 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, and, in the case of funds in the Optional Redemption Account or Mandatory Redemption Account, the applicable premium to be paid in connection with the proposed redemption. Any accrued interest payable upon the purchase of Bonds may be paid from the Interest Account of the Bond Fund for payment of interest on the next following Interest Payment Date.

Notice of Redemption. When the Fiscal Agent receives written notice from the District of its election to redeem Bonds, or when the Fiscal Agent is required to redeem Bonds, the Fiscal Agent must give notice of the redemption of such Bonds. Notice of redemption, containing the information required by the Fiscal Agent Agreement, will be mailed to the respective Owners of the Bonds at their addresses appearing on the Bond Register by first class mail, postage prepaid, by the Fiscal Agent at least 20 days but not more than 60 days prior to the redemption date. The actual receipt by any Bondowner of such notice of redemption shall not be a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein shall affect the validity of the proceedings for redemption or the cessation of interest on the redemption date.

Effect of Notice of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

Circumstances Leading to Redemption of Bonds Prior to Maturity. Bond purchasers should be aware of the following circumstances, among others, that may lead to redemption of some or all of the Bonds prior to maturity: (i) Prepayment of all or part of any Special Taxes as the result of development in Improvement Area B of the District or otherwise; (ii) Issuance of refunding bonds to optionally redeem the Bonds; and (iii) Accumulation of investment income in the Bond Fund.

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

Any notice of optional or special mandatory redemption may be cancelled and annulled if for any reason funds are not, or will not be, available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Such cancellation and annulment is not a default under the Fiscal Agent Agreement. The District will not have any liability to the Bondowners, or any other party, as a result of the District's failure to redeem any of the Bonds designated for redemption as a result of insufficient moneys therefor.

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

Transfer and Exchange of Bonds

Any Bond may be transferred upon the registration books by the Fiscal Agent upon surrender of such Bond for cancellation, together with a written instrument of transfer approved by the Fiscal Agent. The Fiscal Agent may charge a reasonable fee for any transfer or exchange and may charge the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange. A new Bond, or Bonds of like aggregate principal amount, maturity and Series, shall be delivered in exchange for any Bond or Bonds thus surrendered. The Fiscal Agent shall not be required to make such transfers or exchanges (i) 15 days prior to any date established for selection of Bonds for redemption or (ii) with respect to any Bond which has been chosen for redemption.

The Fiscal Agent

U.S. Bank Trust Company, National Association has been appointed as the initial Fiscal Agent for the Bonds under the Fiscal Agent Agreement. See "APPENDIX D – Summary of Certain Provisions of the Fiscal Agent Agreement" hereto for a further description of the rights and obligations of the Fiscal Agent under the Fiscal Agent Agreement.

Debt Service Schedule

Debt Service for the Bonds. The following table sets forth the annual debt service for the Bonds based on the maturity schedule and interest rates set forth on the inside cover page of this Official Statement.

Year Ending (September 1)	Principal	Interest	Total
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2032			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Totals	\$	\$	\$

Source: Underwriter.

SECURITY FOR THE BONDS

General

The Bonds and the interest thereon are secured and payable solely from the Special Taxes to be levied and collected on all the real property within the boundaries of Improvement Area B subject to such Special Taxes, including certain proceeds, if any, of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, less Administrative Expenses of \$27,060.80 for Fiscal Year 2025-26, escalating at 2% per Fiscal Year beginning in Fiscal Year 2025-26 ("**Net Taxes**"), and amounts held in certain funds pursuant to the Fiscal Agent Agreement. The Bonds and the interest thereon are secured by any Net Taxes which may be levied on property within the boundaries of Improvement Area B which is subject to the Special Taxes as set out in the Rate and Method of Apportionment.

The amount of Special Taxes that the District may levy within the boundaries of Improvement Area B in any year is strictly limited by the maximum rates approved by the qualified elector within Improvement Area B at the time of formation thereof, and by Government Code Section 53321 (as set out in the Rate and Method of Apportionment). The District is legally authorized under the Act, and has covenanted in the Fiscal Agent Agreement, to annually cause the levy of the Special Taxes in an amount determined according to the Rate and Method of Apportionment. See "– Special Taxes" below. The Rate and Method of Apportionment apportions the total amount of Special Taxes to be collected among the taxable parcels within the boundaries of Improvement Area B as more particularly described herein. See "– Rate and Method of Apportionment of Special Tax" and APPENDIX A.

Under existing laws, regulations, rulings and judicial decisions, the Special Taxes are exempt from the tax rate limitations of California Constitution Article XIII A pursuant to Section 4 thereof as "special tax" authorized by a two-thirds vote of the qualified elector of Improvement Area B. Consequently, the District has the power and is obligated to cause the levy and collection of the Special Taxes in an amount determined according to a methodology which the Governing Board and the qualified elector in Improvement Area B voted to authorize the Special Taxes. See "– Special Taxes" below. However, Article XIII C of the California Constitution may allow the voters in Improvement Area B (or perhaps in the District or the School District), under certain conditions, to adopt an ordinance by initiative which would reduce or appeal the Special Taxes. See "– Rate and Method of Apportionment of Special Tax" and "SPECIAL RISK FACTORS – Constitutional Amendment."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COUNTY OF SAN DIEGO, THE STATE 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 BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

The levy of the Special Taxes was authorized by vote of the qualified landowner elector of the territory included in Improvement Area B at a special election held on September 21, 2021, in connection with formation of the District, including Improvement Area B. Pursuant to the Act,

the District caused a Notice of Special Tax Lien to be recorded thereafter against property within the boundaries of Improvement Area B in the Official Records of San Diego County Recorder's Office as required by the Act. See "THE DISTRICT – Summary of Formation Proceedings" for additional details.

The Bonds are secured by, among other things, a pledge of Net Taxes, which include the scheduled payments for the Bonds and any prepayments of Special Taxes received by the District and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of Special Taxes. Net Taxes pledged to the repayment of the Bonds are Special Taxes net of Administrative Expenses of up \$27,060.80 for Fiscal Year 2025-26, escalating at 2% per Fiscal Year thereafter. Administrative Expenses include the cost of calculation and collection of the Special Taxes in each Fiscal Year and any other costs relating to the Bonds, including the fees and costs of the Fiscal Agent. The District has covenanted in the Fiscal Agent Agreement to levy the Special Taxes in each fiscal year that the Bonds are outstanding. The Special Taxes are to be apportioned, levied and collected according to the Rate and Method of Apportionment approved by the qualified elector of Improvement Area B. The Special Taxes will be levied each year in accordance with the Rate and Method of Apportionment, including amounts sufficient to cover debt service on the Bonds, to pay Administrative Expenses and to restore the Reserve Fund to the Reserve Requirement for the Bonds, if necessary. See "– Rate and Method of Apportionment of Special Tax."

The levies of Special Taxes are subject to certain limitations. Certain properties are exempt from the Special Taxes pursuant to law or the Rate and Method of Apportionment. See "SPECIAL RISK FACTORS – Payment of Special Taxes." The annual levy of Special Taxes on each parcel within the boundaries of Improvement Area B is constrained by the Special Tax rate applicable to such parcel and by the limitation that Special Taxes levied on residential developed property shall not increase more than 10% as a result of Special Taxes delinquencies of other property owners. See "– Rate and Method of Apportionment of Special Tax" and "SPECIAL RISK FACTORS – Payment of Special Taxes" herein.

The amount of the Special Taxes that can be levied and collected in future years will be dependent upon, among other factors, the Special Tax rates imposed, and the level of delinquent Special Tax installments. Although the Special Taxes, when levied, will constitute a lien on parcels subject to taxation within Improvement Area B, it does not constitute a personal indebtedness of the owners of property within the boundaries of Improvement Area B. There is no assurance that the owners of real property in Improvement Area B will be financially able to pay the annual Special Taxes or that they will pay such tax even if financially able to do so.

In the event that delinquencies occur in the receipt of Special Taxes levied within the boundaries of Improvement Area B in any Fiscal Year, the District may increase its Special Tax levy on parcels within Improvement Area B in the following Fiscal Year up to the maximum amount permitted under the Rate and Method of Apportionment. Although the Special Tax levy may be increased, Net Taxes resulting from the increase would not be available to cure any delinquencies for a period of one year or more. In addition, an increase in the Special Tax rates may adversely affect the ability or willingness of property owners to pay their Special Taxes. Pursuant to Section 53321 of the Act and a resolution adopted by the District, under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within Improvement Area B by more than 10%. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private

residential use is issued. See “– Rate and Method of Apportionment” above, for a description of the District’s procedures for levying Special Taxes within Improvement Area B.

Rate and Method of Apportionment of Special Tax

The Governing Board, acting as the Legislative Body of the District, will take action to levy and collect the Special Taxes applicable to each Assessor’s Parcel located within the boundaries of Improvement Area B according to the Rate and Method of Apportionment. The Rate and Method of Apportionment is set forth in its entirety in “APPENDIX A.”

The “Special Tax Requirement” to be levied each year is the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds; (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four above, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement, the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included cannot cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than 10% of what would have otherwise been levied.

The following table shows Special Tax levy and collection information for Improvement Area B for Fiscal Years 2022-23 through 2024-25. No assurance can be given that homeowners will be able and willing to pay Special Taxes on an ongoing basis. See “SPECIAL RISK FACTORS.”

Table 1
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Special Tax Delinquency History

Fiscal Year Ending June 3	Subject Fiscal Year						As of June 30, 2025		
	Aggregate Special Tax	Total Special Taxes Collected	Parcels Levied	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquenc y Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2023	\$46,051.56	\$46,051.56	27	0	\$0.00	0.00%	0	\$0.00	0.00%
2024	124,138.82	124,138.82	72	0	0.00	0.00	0	0.00	0.00
2025 ⁽¹⁾	\$158,806.82	\$158,806.82	89	0	\$0.00	0.00%	0	\$0.00	0.00%

(1) Reflects data as of June 30, 2025, by the County of San Diego.
Source: KeyAnalytics.

A summary of the Fiscal Year 2025-26 Special Tax levy by classification, is set forth in following table. A total of 89 taxable lots are classified as Developed Property for Fiscal Year 2025-26.

Table 2
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Fiscal Year 2025-26 Special Tax Levy

Land Tax Class	Building Square Feet	Number of Units	Assigned Annual Special Tax Rate	Fiscal Year 2025-26 Special Tax Levy	Percentage of Special Tax Levy
1	< 3,000 Sq. Ft.	30	\$1,735.06	\$52,051.80	32.13%
2	3,000 - 3,300 Sq. Ft.	47	1,841.60	86,555.20	53.43
3	> 3,300 Sq. Ft.	12	1,947.94	23,375.28	14.43
Totals⁽¹⁾		89		\$161,982.28	100.00%

(1) Totals may not sum due to rounding.
Source: KeyAnalytics.

Special Tax Fund

Priority of Transfers from the Special Tax Fund. The Special Taxes and other amounts constituting Gross Taxes collected by the District for Improvement Area B shall be transferred (exclusive of Prepaid Special Taxes received which will be deposited into the Prepayment Account of the Special Tax Fund), no later than 10 days after the District's receipt thereof, to the Fiscal Agent for deposit into the Special Tax Fund for the benefit of Improvement Area B and Bondowners (exclusive of the Administrative Expense Requirement). The Fiscal Agent shall transfer the amounts received in the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund, an amount equal to the Administrative Expense Requirement, which is \$27,060.80 for Fiscal Year 2025-26 and escalating at 2% per Fiscal Year thereafter.

(b) To the Interest Account of the Bond Fund, 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 on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

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

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

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

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

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

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

(i) Any remaining Special Taxes and other amounts constituting Net Taxes, if any, will remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall be retained in the Special Tax Fund and applied to the purposes set forth in clauses (a)-(g) above in the next following Bond Year until such time as the District provides to the Fiscal Agent a certification, which shall be confirmed by a special tax consultant to the District, that: (i) the Special Taxes levied on Developed Property are equal to or greater than the amount needed to satisfy the requirements of clauses (a)-(e), above, in such Bond Year; (ii) the Administrative Expense Requirement of the District in such Bond Year have been, or will be, satisfied; and (iii) no Special Taxes are being levied on Undeveloped Property.

Upon making such certification and following the end of the corresponding Bond Year, any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall without further action by any party, be transferred by the Fiscal Agent on September 2 of each year into the Residual Fund, which funds shall thereafter be used in accordance with the Fiscal Agent Agreement and be free and clear of any lien thereon and may be applied by the District for authorized purposes. Moneys deposited into, or held within, the Residual Fund are not pledged to the payment of the Bonds. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

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

Pursuant to the Fiscal Agent Agreement, moneys in the Administrative Expense Fund will not be construed as a trust fund held for the benefit of the Owners of the Bonds and will not be available for the payment of debt service on the Bonds.

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

will be held in the Prepayment Account for the benefit of the Outstanding Bonds and will be transferred by the Fiscal Agent to the Mandatory Redemption Account of the Redemption Fund to call Bonds on the next Interest Payment Date for which notice can be given in accordance with the special mandatory redemption provisions of the Fiscal Agent Agreement. The Prepaid Special Taxes will be transferred to the Mandatory Redemption Account and applied to call Outstanding Bonds as provided in the Fiscal Agent Agreement. Moneys representing the Prepaid Special Taxes will be invested in accordance with the Fiscal Agent Agreement. Investment earnings on amounts in the Prepayment Account not needed to redeem the Bonds pursuant to special mandatory redemption provisions of the Fiscal Agent Agreement will be transferred to the Special Tax Fund by the Fiscal Agent at the time of transfer of the Prepaid Special Taxes to the Mandatory Redemption Account of the Redemption Fund.

Bond Fund

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

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

Redemption Fund

One Business Day prior to March 1 or September 1 of each year beginning prior to the first Mandatory Sinking Payment, after the deposits have been made to the Bond Fund, the Fiscal Agent shall next transfer into the Sinking Fund Redemption Account of the Redemption Fund from the Special Tax Fund an amount equal to one-half of the Mandatory Sinking Payments due on the next September 1. Moneys so deposited in the Sinking Fund Redemption Account of the Redemption Fund shall be used and applied by the Fiscal Agent to call and redeem the Bonds, in accordance with the Fiscal Agent Agreement.

At least one Business Day prior to September 1 of each year, after making the deposits to the Bond Fund and to the Sinking Fund Redemption Account of the Redemption Fund for Mandatory Sinking Payments then due, and after making any deposits to the Reserve Fund to bring the balance to the Reserve Requirement, the District may elect to deposit money to the Redemption Fund to call the Bonds for optional redemption as set forth in Fiscal Agent Agreement. The Fiscal Agent, at the direction of the District, shall transfer from the Special Tax Fund, or from other moneys transferred by the District to the Fiscal Agent, and deposit in the Optional Redemption Account of the Redemption Fund moneys available for the purpose and sufficient to redeem, at the premiums payable as provided in the Fiscal Agent Agreement, the Outstanding Bonds called for optional redemption.

Moneys set aside in the Optional Redemption Account of the Redemption Fund shall be used solely for the purpose of redeeming the Outstanding Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, and interest due on the Outstanding Bonds to be redeemed upon presentation and surrender of such Outstanding Bonds.

Prior to any special mandatory redemption pursuant to the Fiscal Agent Agreement, the Fiscal Agent, at the direction of the District, shall deposit in the Mandatory Redemption Account of the Redemption Fund moneys from the Prepayment Account of the Special Tax Fund sufficient to redeem at the premiums, payable as provided in the Fiscal Agent Agreement, the Outstanding Bonds designated in the notice of redemption. The Fiscal Agent shall transfer such amounts from the Prepayment Account of the Special Tax Fund to the Mandatory Redemption Account on or prior to the designated redemption date.

If there are moneys remaining in the Redemption Fund after any of the Bonds so designated for redemption have been redeemed and canceled or paid and canceled, such moneys shall be transferred to the Special Tax Fund; provided that, if such moneys are part of the proceeds of refunding bonds, such moneys shall be transferred to the fund or account created for the payment of principal of and interest on such refunding bonds. Moneys held in any account of the Redemption Fund shall be invested in accordance with Fiscal Agent Agreement. Investment earnings on amounts in the Redemption Fund, if any, shall be retained therein.

Reserve Fund

The Fiscal Agent Agreement provides that the Reserve Fund (the “**Reserve Fund**”) must be maintained in an amount equal to the Reserve Requirement for the Bonds. The Fiscal Agent Agreement provides that the initial “**Reserve Requirement**,” with respect to the Bonds, defined as an amount equal to the least of: (i) 10% of the original principal amount of Bonds (less original issue discount, if any, plus original issue premium, if any); (ii) Maximum Annual Debt Service for the Bonds; or (iii) 125% of average annual debt service on the Bonds.

Except as provided in the next paragraph with respect to certain investment earnings, moneys in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and premium on the Bonds when due to the extent that moneys in the Interest Account and the Principal Account of the Bond Fund or moneys in the Sinking Fund Redemption Account, as applicable, are insufficient therefor; (ii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes; (iii) paying the principal and interest due on the Bonds in the final Bond Year; and (iv) application to the defeasance of the Bonds. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund, as provided for in the Fiscal Agent Agreement, are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Bonds when due, the Fiscal Agent shall, one Business Day prior to the corresponding Interest Payment Date, withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, moneys necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Payment Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Funds held in the Reserve Fund shall be invested in accordance with the Fiscal Agent Agreement. Any moneys in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn by the Fiscal Agent two Business Days prior to each Interest Payment Date and deposited into the Interest Account of the Bond Fund and thereafter applied for the purposes specified for such account.

Residual Fund

The Fiscal Agent Agreement establishes the Residual Fund into which surplus Special Taxes will be transferred from the Special Tax Fund as described above in "SECURITY FOR THE BONDS – Special Tax Fund – *Priority of Transfers from the Special Tax Fund.*" Moneys in the Residual Fund may be used by the District for (i) acquisition and/or construction of School Facilities; (ii) at the option of the District, for the optional redemption of any of the Bonds; (iii) to fund Administrative Expenses; or (iv) for any lawful purpose as directed by the District. Moneys on deposit in the Residual Fund are not pledged for payment of the principal of, or interest or premium(s) on the Bonds, and are not subject to any Bondowner's lien.

Authorized Investments

Funds and accounts established under the Fiscal Agent Agreement are held by the Fiscal Agent. Moneys in any of the funds and accounts under the Fiscal Agent Agreement held by the Fiscal Agent and amounts in the Special Tax Fund held by the Fiscal Agent, shall be invested at the direction of the District in Authorized Investments which shall be deemed at all times to be a part of such funds and accounts. See "APPENDIX D – Summary of Certain Provisions of the Fiscal Agent Agreement" for a list of Authorized Investments.

Moneys, if any, in the Reserve Fund may be invested in Authorized Investments which provide liquidity needed to satisfy any calls on funds in the Reserve Fund. Such liquidity shall provide that at least one half of the moneys in the Reserve Fund shall be available for draw in advance of any Interest Payment Date. Such Authorized Investments shall not have a final maturity of greater than three years (except for guaranteed investment contracts through which moneys in the Reserve Fund may be invested for a longer period). No such investment shall mature later than 15 days prior to the final maturity of the Bonds.

No Acceleration

The Bonds are not subject to acceleration under the terms of the Bonds and the Fiscal Agent Agreement. Pursuant to State law, any Owner of any of the Bonds is given the right for the equal benefit and protection of all Owners similarly situated to pursue certain remedies as described under "SECURITY FOR THE BONDS" and in APPENDIX D.

Covenant for Superior Court Foreclosure

General. In the event of the delinquency in the payment of any installment of Special Taxes, the District is authorized by the Act to order institution of an action in the superior court of the State to foreclose any lien therefor. In such action the real property subject to the Special Taxes may be sold at a judicial foreclosure sale.

The ability of the District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner in the event that

the property is owned by any receivership or the Federal Deposit Insurance Corporation (the "FDIC"). See "SPECIAL RISK FACTORS – Special Tax Delinquencies," " – Bankruptcy," "– Payments by FDIC and other Federal Agencies," and "– Insufficiency of Foreclosure Sales Proceeds" herein.

Not later than August 1 of each fiscal year, the District will compare the amount of Special Taxes levied in the prior Fiscal Year to the amount of Special Taxes reported by the County as paid and received and:

(A) Individual Delinquencies. If the District determines that (i) any single parcel within Improvement Area B is delinquent in the payment of five or more semi-annual installments of Special Taxes, or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of \$10,000 or more, then the District shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such August 1 determination, and (if the delinquency remains uncured) the District shall take action to authorize the commencement of foreclosure proceedings within 90 days of such August 1 determination, to the extent permissible under applicable law, and shall thereafter diligently prosecute such proceedings in Superior Court to the extent permitted by law; and

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

Limiting Provision. Notwithstanding the foregoing, however, the District shall not be required to order, or take action upon, the commencement of foreclosure proceedings under subsections (A) and/or (B), above, if such delinquencies, if not remedied, will not result in a draw on the Reserve Fund such that the balance of funds in the Reserve Fund will fall below the Reserve Requirement and no draw has been made on the Reserve Fund, which has not been restored, such that the Reserve Fund shall be funded to at least the Reserve Requirement. In addition, notwithstanding any of the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel in relation to the cost of appropriate foreclosure proceedings may be such that the costs do not warrant the foreclosure proceedings costs. In such cases, foreclosure proceedings may be delayed by the District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the cost of such foreclosure proceedings.

The net proceeds received following a judicial foreclosure sale of land within Improvement Area B resulting from a property owner'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 Fiscal Agent Agreement.

District's Reservation of Rights Related to Foreclosure Proceedings. The District reserves the right to elect to accept payment from a property owner of at least the enrolled amount of the Special Taxes for a parcel(s) but less than the full amount of the penalties, interest, costs and attorneys' fees related to the Special Tax delinquency for such parcel(s). The Bondowners are deemed to have consented to the foregoing reserved right of the District, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the Fiscal Agent Agreement to the contrary. The Bondowners, by their acceptance of the Bonds, consent to such payment for such lesser amounts.

Further, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the Fiscal Agent Agreement to the contrary, in connection with any judicial foreclosure proceeding related to delinquent Special Taxes:

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

(ii) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act, if it determines that such sale is in the interest of the Bondowners. The Fiscal Agent Agreement provides that the Bondowners, by their acceptance of the Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the District and the School District, and their respective officers and agents, from any liability in connection therewith. If such sale for lesser amounts would result in less than full payment of principal of and interest due and owing on the Bonds, the District will use its best efforts to seek approval of the Bondowners.

Timing and Other Risks Related to Foreclosure Proceedings. No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. See "SPECIAL RISK FACTORS – Special Tax Delinquencies," "– Bankruptcy," "– Payments by FDIC and other Federal Agencies," and "– Insufficiency of Foreclosure Sales Proceeds." If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy and 20 days from the subsequent notice of sale in which to redeem the property to be sold. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made. The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld.

No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax

installment. The Act does not require the School District or the District to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. The Act does specify that the Special Taxes will have the same lien priority in the case of delinquency as for ad valorem property taxes.

If the Reserve Fund is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Bondowners pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method of Apportionment and the Act, the District may adjust the Special Taxes levied on all property within Improvement Area B in future fiscal years to provide an amount, taking into account such delinquencies, required to pay debt service on the Bonds and to replenish the Reserve Fund. There is, however, no assurance that the maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the Bonds by the Fiscal Agent Agreement.

Estimated Debt Service Coverage

The following table illustrates the estimated coverage for the debt service on the Bonds, based on net Special Tax revenues of the 89 taxable parcels in the District. In the event of delinquencies in Special Tax payments received by the District, the estimated coverage ratios may not be achieved.

Table 3
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Estimated Debt Service Coverage from Net Special Tax Revenues

Year Ending Sept. 1	Special Tax Levy	Less Administrative Expenses	Net Special Tax Revenues	Bonds Debt Service*	Debt Service Coverage from Bonds*
2026	\$161,982.28	\$(27,060.80)	\$134,921.48	\$121,713.19 ⁽¹⁾	110.85%
2027	165,221.93	(27,602.02)	137,619.91	121,750.00	113.03
2028	168,526.36	(28,154.06)	140,372.30	126,500.00	110.97
2029	171,896.89	(28,717.14)	143,179.75	126,000.00	113.63
2030	175,334.83	(29,291.48)	146,043.34	130,500.00	111.91
2031	178,841.53	(29,877.31)	148,964.21	134,750.00	110.55
2032	182,418.36	(30,474.86)	151,943.50	133,750.00	113.60
2033	186,066.72	(31,084.36)	154,982.37	137,750.00	112.51
2034	189,788.06	(31,706.04)	158,082.01	141,500.00	111.72
2035	193,583.82	(32,340.17)	161,243.65	145,000.00	111.20
2036	197,455.50	(32,986.97)	164,468.53	148,250.00	110.94
2037	201,404.61	(33,646.71)	167,757.90	151,250.00	110.91
2038	205,432.70	(34,319.64)	171,113.05	154,000.00	111.11
2039	209,541.35	(35,006.04)	174,535.32	156,500.00	111.52
2040	213,732.18	(35,706.16)	178,026.02	158,750.00	112.14
2041	218,006.82	(36,420.28)	181,586.54	160,750.00	112.96
2042	222,366.96	(37,148.68)	185,218.27	167,500.00	110.58
2043	226,814.30	(37,891.66)	188,922.64	168,750.00	111.95
2044	231,350.58	(38,649.49)	192,701.09	174,750.00	110.27
2045	235,977.60	(39,422.48)	196,555.11	175,250.00	112.16
2046	240,697.15	(40,210.93)	200,486.22	180,500.00	111.07
2047	245,511.09	(41,015.15)	204,495.94	185,250.00	110.39
2048	250,421.31	(41,835.45)	208,585.86	184,500.00	113.05
2049	255,429.74	(42,672.16)	212,757.58	188,500.00	112.87
2050	260,538.33	(43,525.61)	217,012.73	197,000.00	110.16
2051	265,749.10	(44,396.12)	221,352.98	199,750.00	110.82
2052	271,064.08	(45,284.04)	225,780.04	202,000.00	111.77
2053	276,485.36	(46,189.72)	230,295.64	208,750.00	110.32
2054	282,015.07	(47,113.51)	234,901.56	209,750.00	111.99
2055 ⁽¹⁾	287,655.37	(48,055.79)	239,599.59	215,250.00	111.31

* Preliminary, subject to change.

(1) The Annual Special Tax shall be levied for a term of five (5) fiscal years after the final maturity of the last series of bonds, provided that the Annual Special Tax shall not be levied later than Fiscal Year 2063/2064.

Source: KeyAnalytics.

See "SECURITY FOR THE BONDS – Special Taxes" above, for a description of the District's procedures for levying Special Taxes and limitations on the District's ability to increase its Special Tax levy in following Fiscal Years to cure any delinquencies. See "– Rate and Method of Apportionment" above, for a description of the District's procedures for levying Special Taxes.

THE DISTRICT AND IMPROVEMENT AREA B

Pursuant to the Act, on August 17, 2021, the Governing Board adopted Resolution #5-20/21, declaring its intention to establish the District (including Improvement Area A and Improvement Area B, as improvement areas therein) and to authorize the levy of special taxes for each Improvement Area and Resolution #6-20/21, declaring its intention that the District be authorized to incur bonded indebtedness on behalf of each Improvement Area of the District. At the conclusion of the public hearings conducted on September 21, 2021, the Governing Board adopted Resolution #15-21/22 establishing the District (including Improvement Area A and Improvement Area B, as improvement areas therein) and establishing their respective boundaries, and approving their respective Rate and Method of Apportionment. The Governing Board, acting as the Legislative Body, also adopted Resolution #16-21/22 determining the necessity of the District to be authorized to incur bonded indebtedness in an amount not to exceed \$10,000,000, with a not to exceed amount of \$4,000,000 for Improvement Area B and the remainder for Improvement Area A. Both of these resolutions called a combined special election to submit propositions to authorize the levy of the Special Taxes and authorization to incur bonded indebtedness to the qualified voters of Improvement Area A and Improvement Area B of the District, respectively.

At a special election held on September 21, 2021, the owner of the property within the boundaries of Improvement Area B (comprising the sole landowner at that time) authorized the District to incur bonded indebtedness for Improvement Area B in an amount not to exceed \$4,000,000 and approved the levy and collection of the Special Taxes, as set out in the Rate and Method of Apportionment, to pay the principal of and interest on bonds of the District for Improvement Area B (including the Bonds), to finance the authorized public school facilities and to pay for certain services to be provided within the District. See "APPENDIX A – Rate and Method of Apportionment of the Special Tax". Thereafter, a Notice of Special Tax Lien was recorded in the office of the County Recorder of the County on September 28, 2021, pursuant to the Act. On October 19, 2021, Ordinance #01-21/22, authorizing the levy of Special Taxes on taxable property within Improvement Area A and Improvement Area B, was adopted.

The Bonds will be issued in the amount set forth on the inside front cover of the Official Statement and the District is authorized to levy and collect the Special Taxes on the taxable parcels within the boundaries of Improvement Area B to secure the Bonds and to provide Bond proceeds to finance the facilities authorized to be financed by the District.

THE DEVELOPMENT

Overview

The taxable property in Improvement Area B consists of 89 completed homes developed by Lennar Homes, all of which are now owned by individual homeowners. A map showing the boundaries of Improvement Area B follows on the next page.

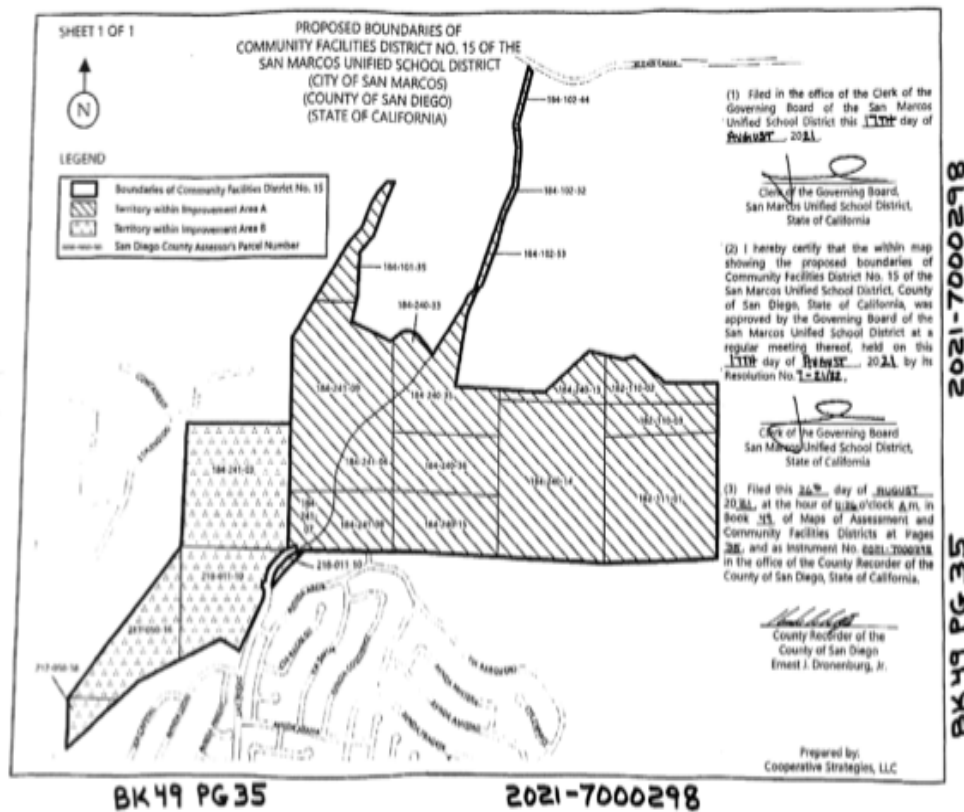
Utilities and Environmental Matters

Utilities. All utilities have been installed in the in-tract streets. Water and sewer is provided by Vallecitos Water District. Electric and gas are provided by San Diego Gas & Electric Company.

Seismic Area. The land in Improvement Area B is not located within any Alquist-Priolo Earthquake Fault Zone. This means that although nearly all of the land in the State is at risk of seismic activity, land within Improvement Area B is not located within the highest risk area.

Flood Zone Status. Per FEMA Flood Zone Panel mapping, all of the subject properties are located in Zone X, which is an area that is determined to be outside the 100- and 500-year floodplains, and also out of the Special Flood Hazard Area.

Fire Hazard. Per CAL FIRE's office of the State Fire Marshal (OSFM) updated the SRA Fire Hazard Severity Zone (FHSZ) maps effective April 1, 2024, Improvement Area B is within a Very High Fire Severity Zone in the Local Responsibility Area. In collaboration with other local agencies, the City has developed a Community Wildfire Protection Plan which provides public education and outreach about wildfire safety, annual inspections, construction standards for all new homes built in high fire severity zones and other measures that can be taken for fire safety and preparedness. The Protection Plan is available online. The San Marcos Fire Department carries a Insurance Service Office (ISO) Class 1 rating.



OWNERSHIP AND VALUE OF TAXABLE PROPERTY IN IMPROVEMENT AREA B

Unpaid Special Taxes do not constitute a personal indebtedness of any owner of the parcels within Improvement Area B or the District. There is no assurance that any current or subsequent property owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special Taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the District nor any Bondowner will have the ability at any time to seek payment directly from the owners of property within Improvement Area B of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within Improvement Area B.

The Special Taxes are not personal obligations of the current or subsequent landowners and, in the event that the current or subsequent landowner 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 current or subsequent landowner. The Bonds are secured only by the Net Taxes and moneys available under certain funds held under the Fiscal Agent Agreement.

Current Ownership

All 89 homes within Improvement Area B are owned by individual homeowners.

Assessed Valuation

The following table provides the assessed valuation of taxable property in Improvement Area B for Fiscal Years 2023-2024 and 2024-25.

Table 4
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Fiscal Year 2024-25 Assessed Valuations
Historical and Current Assessed Values

Fiscal Year Ending June 30	No. of Units Developed Property	Assessed Value Land	Assessed Value Improvement	Assessed Value Total⁽¹⁾	Percentage Change
2024	71	\$28,704,223	\$16,784,771	\$45,488,994	N/A
2025 ⁽¹⁾	89	49,253,582	61,427,425	110,681,007	143.31%

(1) One parcel classified as Developed Property was not assessed by the County of San Diego Assessor in Fiscal Year 2024-25; therefore, the total reflects the assessed value of 88 parcels classified as Developed Property.
Source: San Diego County Assessor's Roll, dated January 1, 2024.

Assessed Value-to-Debt Ratios

A summary of the value-to-debt ratios of property in Improvement Area B by stratification and tax class, based on the assessed values and the principal amount of Bonds, is set forth in the following tables. See “SPECIAL RISK FACTORS – Property Values” and “– Parity Taxes and Special Assessments” and “Appendix G – District Taxable Property Parcel Listing.”

Table 5
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Assessed Values and Value-to-Debt Ratios by Tax Class

Value-to-Lien Category	Number of Units	Fiscal Year 2024-25 Assessed Value ⁽¹⁾	Share of the Bonds ⁽²⁾	Other Land Secured Debt ⁽³⁾	Total Land Secured Liens ⁽⁴⁾	Value-to-Lien Burden Ratio* ⁽⁵⁾	Fiscal Year 2025-26 Special Tax	Percent Share of Special Tax
50:1 and Above	39	\$54,501,052.00	\$1,030,496.45	\$0.00	\$1,030,496.45	52.89:1	\$71,182.16	43.94%
50:1 to 40:1	37	46,708,593.00	977,169.37	0.00	977,169.37	47.80:1	67,498.56	41.67
40:1 to 30:1	8	7,616,804.00	208,658.05	0.00	208,658.05	36.50:1	14,413.18	8.90
30:1 to 3:1 ⁽⁶⁾	4	1,854,558.00	102,015.47	0.00	102,015.47	18.18:1	7,046.78	4.35
3:1 and below ⁽⁷⁾	1	0.00	26,660.64	0.00	26,660.64	0.00:1	1,841.60	1.14
Totals ⁽⁸⁾	89	\$110,681,007.00	\$2,345,000.00	\$0.00	\$2,345,000.00	47.20:1	\$161,982.28	100.00%

* Preliminary; subject to change.

(1) Source: San Diego County Assessor's Roll, dated January 1, 2024.

(2) Debt has been allocated based on the proportionate share of the Fiscal Year 2025-26 Special Taxes.

(3) There was no overlapping land-secured debt reported to be associated with the properties within Improvement Area B of CFD No. 15.

(4) Land secured debt only; excludes general obligation bonded indebtedness.

(5) Average value-to-lien per unit, actual value-to-lien may vary by unit.

(6) All units within value-to-lien category 30:1 to 3:1 reflect an assessed valuation amount that is less than the most recent sales price for such property due to a Proposition 60/90 assessed value base transfer as confirmed by the County of San Diego Assessor.

(7) The parcel with a value-to-lien ratio of 3:1 and below is classified as Developed Property but was not assigned an assessed value by the County of San Diego Assessor for Fiscal Year 2024-25.

(8) Totals may not sum due to rounding.

Special Tax Levies; No Teeter Plan

As shown in Table 1 above, Fiscal Year 2022-23 was the first year in which the Special Taxes were levied in Improvement Area B. As of April 10, 2025, the Special Tax levy for Fiscal Year 2022-23 (\$46,051.56) and for Fiscal Year 2023-24 (\$124,138.82) had been collected with 0% delinquency, while the Special Tax levy for Fiscal Year 2024-25 (\$157,904.07) had been collected with 0.57% delinquency.

The Special Taxes are not a personal obligation of any of the current owners of the property or of any subsequent landowners. See “SPECIAL RISK FACTORS.” The Bonds are secured solely by the Net Taxes pledged therefor under the Fiscal Agent Agreement and the District’s sole collection remedy is judicial foreclosure. See “SECURITY FOR THE BONDS – Special Taxes” and “– Covenant for Superior Court Foreclosure” herein.

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

Direct and Overlapping Debt

Debt Report. The following table sets forth the existing authorized indebtedness payable from taxes and assessments that are levied within Improvement Area B prepared by California Tax Data (the “**Debt Report**”), based on Fiscal Year 2024-25 tax year data. The Debt Report is included for general information purposes only. In certain cases, the percentages of debt calculations are based on assessed values, which will change significantly as sales occur and assessed values increase or decrease to reflect housing values. The School District and Underwriter believe the information is current as of its date, but neither makes any representation as to its completeness or accuracy. Other public agencies, such as the City, may issue additional indebtedness at any time, without the consent or approval of the School District or the District. See “SPECIAL RISK FACTORS – Parity Taxes and Special Assessments.”

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement Area B in whole or in part. Such long-term obligations generally are not payable from property taxes, assessment or special taxes on land in Improvement Area B. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the School District, the City or other public agencies at any time.

There are several overlapping community facilities districts and assessment districts. The District has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within Improvement Area B which may be incurred in the future by other governmental agencies, including, but not limited to, the City, the County or any other governmental agency having jurisdiction over all or a portion of the property within Improvement Area B. Furthermore, nothing prevents the owners of property within Improvement Area B from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or

taxes, such assessments, special taxes and taxes will be secured by liens on the property within Improvement Area B on a parity with a lien of the Special Taxes.

Accordingly, the debt on the property within Improvement Area B could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the ratio that exists at the time the Bonds are issued between the value of the property and the debt secured by the Special Taxes and other taxes and assessments which may be levied on such property. The incurring of such additional indebtedness could also affect the ability and willingness of the property owners within Improvement Area B to pay the Special Taxes when due. Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of the property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes.

Table 6
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Detailed Direct and Overlapping Debt Summary – Fiscal Year 2024-25⁽¹⁾

I. Assessed Value

2024-2025 Secured Roll Assessed Value **\$110,681,007.00**

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels ⁽¹⁾	Levy
Basic 1% Levy	PROP13	996,240	\$7,109,139,142.45	0.01549%	88	\$1,101,034.69
Voter Approved Debt	AVALL	996,147	\$1,026,844,398.32	0.00771%	88	\$79,130.38
City of San Marcos CFD No. 2001-01	CFDPAYG	5,682	\$1,635,177.98	0.98883%	88	\$16,169.12
City of San Marcos CFD No. 98-01, IA 1	CFDPAYG	5,250	\$1,599,902.42	1.09336%	88	\$17,492.64
City of San Marcos CFD No. 98-02	CFDPAYG	10,448	\$4,420,544.22	0.63316%	88	\$27,989.28
County of San Diego Vector Control, Zone B	VECTOR	376,006	\$787,243.92	0.02549%	88	\$200.64
County of San Diego Vector Disease Control	VECTOR	981,696	\$10,169,231.08	0.00931%	88	\$946.88
Metropolitan Water District of Southern California Standby Charge	STANDBY	27,401	\$458,290.22	0.22082%	88	\$1,012.00
Palomar Pomerado Health GOB 2004	GOB	197,131	\$35,749,532.66	0.09856%	88	\$35,233.11
San Diego County Water Authority Standby Charge	STANDBY	28,362	\$396,531.60	0.22192%	88	\$880.00
San Marcos Unified School District CFD No. 15, Impv Area B	CFD	89	\$157,001.32	100.00000%	88	\$157,001.32
2024-2025 TOTAL PROPERTY TAX LIABILITY						\$1,437,090.06
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION						1.30%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels ⁽¹⁾	Amount
San Marcos Unified School District CFD No. 15, Impv Area B	CFD	\$0	\$0	100.00000%	88	\$0
TOTAL LAND SECURED BOND INDEBTEDNESS ⁽²⁾						\$0
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS ⁽²⁾						\$0

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000.00	\$22,985,000.00	0.01562%	88	\$3,590.07
Palomar Community College District GOB 2006	GOB	\$693,998,901.00	\$611,941,648.00	0.06686%	88	\$409,158.97
Palomar Pomerado Health GOB 2004	GOB	\$495,999,997.00	\$381,893,081.00	0.09826%	88	\$375,253.37
San Marcos Unified School District GOB 2010	GOB	\$286,999,795.00	\$260,312,548.00	0.39867%	88	\$1,037,791.98
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS ⁽²⁾						\$1,825,794.39
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS ⁽²⁾						\$1,825,794.39

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$1,825,794.39
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	60.62:1

(1) One parcel classified as Developed Property was not assessed by the County of San Diego Assessor in Fiscal Year 2024-25; therefore, the totals shown reflect the values of 88 parcels classified as Developed Property.

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

Source: California Tax Data

Overlapping CFD/Assessment District Charges. As shown in the Debt Report, there are several overlapping community facilities districts and an overlapping assessment district covering land in Improvement Area B. These are described as follows:

CFD No. 2001-01 (Fire Only) – This San Marcos Fire Protection District-wide CFD primarily covering new development between 2002 and the present was formed in 2002 and its purpose is to provide fire stations, fire training facilities, fire dispatch center, fire communication systems, and fire protection facilities along with fire protection services, ambulance services, and paramedic services. The facilities portion (approximately 35% of the Special Tax) may be levied through FY 2047/48; however, the services portion may be levied indefinitely. The maximum special tax rates vary by property tax classification and increases 2% annually.

CFD No. 98-01, IA 1 (Police) – This City-wide CFD was formed in 2001 primarily covering new development between 2001 and the present and its purpose is to provide police facilities, police communication systems, police equipment, and police services. The facilities portion (approximately 20% of the Special Tax) may be levied through FY 2047/48; however, the services portion may be levied indefinitely. The maximum special tax rates vary by property tax classification and increases 2% annually.

CFD No. 98-02 (Lighting and Landscaping) – This City-wide CFD was formed in 1998 primarily covering new development between 1998 and the present and its purpose is to provide street lighting, traffic signals, parkway landscaping, median landscaping, and property maintenance such as passive open space areas, habitat preservation areas, slope areas, and earthen/natural drainage channels. The special tax may be levied indefinitely. The maximum special tax rates vary by property tax classification and zone and increases by the consumer price index for the San Diego area annually.

For tax amounts on a representative property tax bill for Fiscal Year 2024-25, see the table on the following page.

Sample Tax Bill

The following table provides a representative property tax bill for a single-family home within Improvement Area B for Fiscal Year 2024-25.

Table 7
Community Facilities District No. 15
of the San Marcos Unified School District (Improvement Area B)
Representative Property Tax Bill for Fiscal Year 2024-25

Assessed Valuation and Property Taxes		
Assessed Value ⁽¹⁾	\$1,303,117	
Homeowner's Exemption	\$0	
Net Assessed Value ⁽²⁾	\$1,303,117	
Ad Valorem Property Taxes ⁽²⁾	Percent of Total AV	Amount
General Purposes	1.00%	\$13,031.16
<i>Ad Valorem Tax Overrides</i>		
MWD D/S Remainder Of SDCWA 15019999	0.00700%	\$91.22
Palomar Community Coll Prop M 11/07/06, 2015 Ref	0.00329%	\$42.87
Palomar Community Coll Prop M 11/07/06, 2017 Ref	0.00197%	\$25.67
Palomar Community Coll Prop M 11/07/06, 2020 Ref	0.00328%	\$42.74
Palomar Community Coll Prop M 11/07/06, 2021 Ref	0.00197%	\$25.67
Palomar Community Coll Prop M 11/07/06, Ser 2006B	0.00215%	\$28.02
Palomar Community Coll Prop M 11/07/06, Ser 2006C	0.00127%	\$16.55
Palomar Community Coll Prop M 11/07/06, Ser 2017D	0.00342%	\$44.57
Palomar Health 2005A - Debt Service	0.03200%	\$417.00
Unif Bond San Marcos-Prop K 11/02/2010, 2017 Ref	0.01577%	\$205.50
Unif Bond San Marcos-Prop K 11/02/2010, Ser 2010A	0.01476%	\$192.34
Unif Bond San Marcos-Prop K 11/02/2010, Ser 2010B	0.00383%	\$49.91
Unif Bond San Marcos-Prop K 11/02/2010, Ser 2020 Ref	0.01316%	\$171.49
Total Ad Valorem Property Taxes	1.10387%	\$14,384.71
Assessments, Special Taxes and Parcel Charges ⁽³⁾		
CFD 98-01 IA #1		\$198.78
CFD 98-02		\$318.06
CWA Water Availability		\$10.00
Mosquito Surveillance		\$2.28
MWD Water Standby Charge		\$11.50
San Marcos Unified School District CFD No. 15 IA B		\$1,805.50
SMFPD CFD 2001-01		\$183.74
Vector Disease Ctrl		\$10.76
Total Assessments, Special Taxes and Parcel Charges		\$2,540.62
Total Property Taxes		\$16,925.33
Effective Tax Rate		1.30%

(1) Fiscal Year 2024-25 assessed valuation for a Single Family Detached Unit containing 3,175 building square feet selected to represent the median assessed value for a Single Family Detached Unit in CFD No. 15 Improvement Area B.

(2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.

(3) All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: KeyAnalytics.

SPECIAL RISK FACTORS

Investment in the Bonds involves risks which may not be appropriate for certain investors. The following is a discussion of certain risk factors, in no particular order of importance, all of which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of existing or future property owners within Improvement Area B to pay the Special Taxes levied in Improvement Area B when due. Such failure to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the 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 B.

Risks of Real Estate Secured Investments Generally

The Owners 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 B, 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, laws relating to endangered species and hazardous materials, and tax law changes) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods, and virus pandemics), which may result in uninsured losses.

Extraordinary Redemption From Prepaid Special Taxes

The Bonds are subject to mandatory call and redemption prior to maturity, as a whole or in part on any Interest Payment Date from amounts in the Prepayment Account of the Special Tax Fund available to redeem Bonds under the Fiscal Agent Agreement. Prepayments could be made by any of the owners of any of the property within Improvement Area B and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price, if applicable, could reduce the otherwise expected yield on such Bonds. See “THE BONDS – Redemption – *Mandatory Redemption from Special Tax Prepayments.*”

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

Potential Early Redemption of Bonds from Prepayments

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

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 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 Fiscal Agent Agreement, 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 Special Taxes and other amounts pledged under the Fiscal Agent Agreement.

A property owner of a taxable parcel within Improvement Area B 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 owner.

Property Values

The value of property within Improvement Area B is an important factor in evaluating the investment quality of the Bonds. If a property owner defaults in the payment of an installment of Special Taxes, the District's only remedy is to judicially foreclose the lien of the Special Taxes on the delinquent parcel. Prospective purchasers of the Bonds should not assume that the property within Improvement Area B could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Taxes or for an amount adequate to pay delinquent Special Taxes.

Also, property values are not evenly distributed throughout Improvement Area B. This disparity of values across Improvement Area B is significant because if property owners become delinquent in the payment of Special Taxes, the District's only remedy is to foreclose against delinquent parcels.

The District does not make any representation as to whether the assessed value of property in Improvement Area B or the value-to-debt ratios for such property will remain at the assessed values or the ratios discussed in this Official Statement.

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, are customarily billed to the properties within Improvement Area B on the ad valorem property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do ad valorem property tax installments. Special Tax installments cannot be paid separately from general ad valorem property tax payments. Therefore, the unwillingness or inability of a property owner to pay general property tax bills, as evidenced by property tax delinquencies, may also indicate an unwillingness or inability to make general property tax payments and Special Tax installment payments in the future. See “— Insufficiency of Foreclosure Sale Proceeds” below, for a discussion of the policy of the Federal Deposit Insurance Corporation (the “**FDIC**”) regarding the payment of special taxes

and assessment and limitations on the District's ability to foreclose on the lien of the Special Taxes in certain circumstances.

Depletion of Reserve Fund

In order to pay debt service on the Bonds, it is necessary that the Special Tax levied within Improvement Area B be paid in a timely manner. Should the Special Tax not be paid on time, the District has established a Reserve Fund with respect to the Bonds in the initial amount specified under the heading to pay debt service on the Bonds to the extent other funds are not available therefore. Under the Fiscal Agent Agreement, the District has covenanted to maintain in the Reserve Fund an amount equal to the Reserve Requirement of the Bonds, with the sole source of moneys to replenish the Reserve Fund being Special Tax Revenues collected that are in excess of Bond debt service and Administrative Expenses. If a sufficient number of property owners in Improvement Area B are delinquent in the payment of the Special Tax, the District may be unable to replenish the Reserve Fund to the Reserve Requirement. If such defaults were to continue in successive years, the Reserve Fund would soon be depleted and a default on the Bonds would occur.

Insufficiency of Foreclosure Sale Proceeds

The District has covenanted to institute foreclosure proceedings to sell the property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds, subject to the limitations set forth in the Fiscal Agent Agreement. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder with respect to a deed of trust on property within Improvement Area B could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest. In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in payments to Bondowners pending prosecution of the foreclosure sale, if the Reserve Fund were depleted.

No assurances can be given that the 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. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the District with regard to purchasing or otherwise acquiring any property at the execution sale pursuant to the judgment in any such action if there is no other purchaser at such sale. The District has no obligation to be a bidder at a foreclosure sale.

Payment of Special Taxes

The levy of special taxes can result in a significantly greater property tax burden being imposed upon properties within a community facilities district than in other areas of a city, county, or school district, and this added burden can result in problems in the collection of the special taxes. In some community facilities districts, the property owners have refused to pay the special taxes and have commenced litigation challenging the special taxes, the establishment of the community facilities district and the bonds issued by the community facilities district.

Within the limits of the Rate and Method, the District may adjust the Special Taxes levied on all property within Improvement Area B to provide an amount required to pay debt service on the Bonds and other obligations of the District, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement and to pay all annual Administrative Expenses and make rebate payments to the United States government. However,

the amount of the Special Taxes that may be levied against particular categories of property within Improvement Area B is subject to the maximum rates provided in the Rate and Method. There is no assurance that the maximum rates will at all times be sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement.

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

The ability of the District to increase the amount of Special Taxes which may be levied and to pay costs of foreclosure proceedings may be limited by voter initiative. See “– Constitutional Amendment” and “– Limitations on Remedies” below.

Bankruptcy; Other Limitations Affecting Creditors’ Rights

The payment of property owners’ taxes and the ability of the District to foreclose the lien of delinquent unpaid Special Taxes pursuant to the foreclosure covenant, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a judicial foreclosure may be delayed due to congested local court calendars or procedural delays. See “–Limitations on Remedies” below. 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 documents, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner, could result in a stay of enforcement of the lien for the Special Taxes, a delay in prosecuting Superior Court foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay the Special Taxes and could result in the possibility of delinquent Special Taxes not being paid in full. In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien. The amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds and the possibility of delinquent tax installments not being paid in full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics.

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. Pursuant to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, enacted by Congress on April 14, 2005, the lien for special taxes established after the filing of a petition in bankruptcy will be treated thereafter as a lien for ad valorem taxes.

Other Laws. Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement

of Special Taxes. For example, the Soldier and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Payments by FDIC and Other Federal Agencies

The ability of the District to collect interest and penalties allowed by State law and to foreclose on property with delinquent Special Taxes may be limited if the FDIC, the Drug Enforcement Agency, the Internal Revenue Service, or other similar governmental agency, has or obtains an interest in the property. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by real property within Improvement Area B.

The FDIC has issued a policy statement (the "Policy Statement") which provides that real property owned by the FDIC is subject to state and local property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the affairs of the institution for which the FDIC is acting, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay or recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay the taxes. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without its consent.

The Policy Statement provides that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and any special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity.

The District is unable to predict what effect the FDIC's application of the Policy Statement would have if there were a delinquency in Special Taxes levied on a parcel in Improvement Area B in which the FDIC had an interest. However, it should be assumed that there would not be a buyer at a foreclosure sale if the FDIC's lien could not be foreclosed. It should also be assumed that the District will be unable to foreclose on any parcel owned by the FDIC. In either event, there would be a draw on the Reserve Account and, if the delinquency continued, there could be a default in payment of principal of and interest on the Bonds.

Furthermore, if a parcel of taxable property in Improvement Area B was owned by a federal government entity or federal government sponsored entity, such as the Federal National

Mortgage Association or Fannie Mae or the Federal National Home Loan Corporation or Freddie Mac, or if a private mortgage secured by a parcel of taxable property was owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability of the District to foreclose on the parcel or to collect delinquent Special Taxes would be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. Therefore, if a federal government entity, such as Fannie Mae or Freddie Mac, owned a parcel of taxable property in Improvement Area B and did not pay the taxes and assessments levied on the parcel (including the Special Taxes), the District would not be able to foreclose on the parcel to collect the delinquent Special Taxes.

Also, if a federal government entity, such as Fannie Mae or Freddie Mac, had a mortgage interest in a parcel in Improvement Area B and the District wished to foreclose on the parcel to collect delinquent Special Taxes, the property could not be sold at a foreclosure sale unless it could be sold for an amount sufficient to pay the delinquent Special Taxes and the other taxes and assessments on a parity with those Special Taxes and preserve the federal government entity's mortgage interest.

In *Rust v. Johnson* (9th Circuit; 1979) 597 F. 2d 174, the United States Court of Appeal for the Ninth Circuit, held that, with respect to applicability of the supremacy clause, the Federal National Mortgage Association is a federal instrumentality and not a private entity, and that an exercise of state power over a mortgage interest of Fannie Mae constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal government entity has, or is likely to acquire, any interest (including any mortgage interest) in any property in Improvement Area B, and therefore expresses no view concerning the likelihood that the risks discussed above will materialize while the Bonds are outstanding.

Natural Disasters; Droughts; Wildfires

Land in Improvement Area B, like land throughout California, may be subject to unpredictable seismic activity, wildfires, flood, pandemics (such as the COVID-19 pandemic), or other natural disasters. A few of these risks are described herein; the list is not exhaustive.

Seismic. Most people in the County live less than 15 miles from a fault that can have a damaging earthquake, such as the Rose Canyon fault along the coast and beneath downtown San Diego, and the Elsinore and San Jacinto faults that cut through the eastern portion of the County. Active faults which could cause significant ground shaking over Improvement Area B include, but are not limited to, the Rose Canyon fault zone (approximately 12 miles southwest), the Elsinore fault zone (approximately 15 miles northeast), the Coronado Banks fault zone (approximately 25 miles offshore southwest), the San Jacinto fault zone (approximately 45 miles northeast) and the San Andreas fault zone (approximately 72 miles northeast). Earthquakes of magnitude of 6 (Rose Canyon fault) to 8 (San Andreas fault) on the Richter scale are possible.

Wildfires. In the current and recent years, portions of California have experienced outbreaks of wildfires that have burned thousands of acres at a time and destroyed thousands of homes and structures. Such areas affected by wildfires are more prone to flooding and mudslides that can lead to the destruction of homes.

In November 2018, the Camp Fire, in Butte County, northern California, destroyed over 18,000 structures, and the town of Paradise was almost completely destroyed. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in California, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. No assurance can be given that wildfires will not erupt in or near Improvement Area B of the District and negatively impact property values and/or the willingness and ability of property owners to pay Special Taxes.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “**Governor’s Order**”) which canceled penalties, costs and interest on overdue property taxes (including special taxes) within certain zip codes affected by the Palisades Fire and the Altadena Fire during calendar year 2025. This will likely cause a delay in the payment of special taxes by certain property owners in any community facilities districts affected by Governor’s Order. Unless the majority of property owners within the community facilities districts pay their special taxes voluntarily or have mortgage impound accounts, it is likely that the community facilities districts will need to draw upon a reserve fund to make debt service payments on outstanding bonds prior to the expiration of the Governor’s Order and it is possible that outstanding bonds will experience a payment default. In the event of a major fire or other natural disaster affecting Improvement Area B, a similar order could impact the debt service payment for the Bonds.

Per the CPUC (California Public Utilities Commission) Fire Threat Map, the District and Improvement Area B are within a High Fire Threat District – Tier 2 and CalFire has identified the areas as being located in a Very High Fire Hazard Zone in the Local Responsibility Zone. The San Marcos Highlands Fire Protection Plan indicates that fuel modification can be achieved by removing, clearing, or modifying combustible vegetation and other flammable materials for 150 feet from the edge of all structures and ignition-resistant construction for all structures will provide significant protection. Lennar Homes indicates that measures from the Fire Protection Plan, fuel modification and no-build zones, and architectural uses for fire protection design have been incorporated into the project.

Droughts. Land in Improvement Area B may also be affected by droughts. In recent years, much of the State has experienced drought conditions periodically. These droughts have underscored the need for permanent improvements in long-term efficient water use and drought preparedness and actions intended to help to ensure all communities have sufficient water supplies and are conserving water regardless of the conditions of any one year. The District cannot predict if and when the State will experience drought conditions again in the future, what effect such conditions may have on property values or whether or to what extent any water reduction requirements may affect the values of homes within Improvement Area B or the ability or willingness of homeowners to pay Special Taxes.

In the event of a severe earthquake, wildfire, flood or other natural disaster, there may be significant damage to both property and infrastructure in Improvement Area B. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in Improvement Area B 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 Insurance

Fire insurance has become increasingly costly for homeowners, with several major insurers no longer willing to insure homes in California. In some instances existing policies are not being renewed, or if renewed are subject to substantial increases in premium cost. Should prospective homebuyers be unable to obtain fire insurance or face high premium costs on homes within Improvement Area B, they may be reluctant to purchase a home or may not be able to qualify for a mortgage, which in turn may affect the value of homes within Improvement Area B. Although Lennar Homes reports that current homeowners did not experience material adverse issues obtaining fire insurance when purchasing homes in Improvement Area B, no assurance can be given that going forward homeowners and/or fire insurance will be readily available at a reasonable price to future homeowners.

Hazardous Substances

The presence of a hazardous substance on a parcel may result in a reduction in its value. 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 State 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 owner, will become obligated to remedy the condition just as is the seller.

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. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

The District has no knowledge of any hazardous substances being located on property within Improvement Area B.

Parity Taxes and Special Assessments

Property within Improvement Area B is subject to the lien of taxes and assessments imposed by public agencies and several overlapping districts also having jurisdiction over the land within Improvement Area B. See "OWNERSHIP AND VALUE OF LAND IN IMPROVEMENT AREA B – Direct and Overlapping Debt." The School District's policy respecting the formation of community facilities districts provides that the total tax burden (i.e., the anticipated maximum annual community facilities district special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied

parcel in the community facilities district shall not exceed 2.0% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto. See "OWNERSHIP AND VALUE OF LAND IN IMPROVEMENT AREA B – Sample Tax Bill" for estimated current effective tax rates within Improvement Area B.

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 the District and other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed. 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," below.

Neither the School District nor the District has control over the ability of other entities and districts to issue indebtedness secured by taxes or assessments payable from all or a portion of the property within Improvement Area B. In addition, the landowners within Improvement Area B may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by taxes or assessments. Any such taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-debt ratios for property within Improvement Area B described herein.

Non-Cash Payments of Special Taxes

Under the Act, the Governing Body of the School District, as the Legislative Body of the District, may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond. Such a practice would decrease the cash flow available to the District to make payments with respect to other Bonds then outstanding; and, unless the practice was limited by the District, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds.

In order to provide some protection against the potential adverse impact on cash flows which might be caused by the tender of Bonds in full or partial payment of any Special Taxes, the Fiscal Agent Agreement includes a covenant pursuant to which the District will not authorize owners of taxable parcels to satisfy Special Tax obligations by the tender of Bonds unless the District shall have first obtained a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax Revenues in any Bond year to pay the principal and interest on the Bonds remaining outstanding following such tender.

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 Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, moratorium, or other similar laws affecting generally the enforcement of creditors' rights and by

the exercise of judicial discretion in accordance with general principles of equity. 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 of the Bonds.

Future Initiatives and Legislative Measures

The Supreme Court of the State has held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption of taxes from the referendum requirements does not apply to initiatives. From time to time, initiative measures could be adopted by the voters of the State and the State has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. The adoption of any such initiative or legislation might place limitations on the ability of the State, the District and other local districts to increase revenues or increase appropriations or otherwise adversely impact the value of land in Improvement Area B.

District Formation; Potential Future Litigation

California voters approved an amendment (“**Article XIII A**”) to the California Constitution on June 6, 1978. Section 4 of Article XIII A, requires a vote of two-thirds of the qualified electorate to impose “special taxes,” or any additional ad valorem, sales or transaction taxes on real property. At an election held pursuant to the Act, the single qualified landowner elector within Improvement Area B voted to authorize the District to incur bonded indebtedness for Improvement Area B to finance school facilities and approved the Rate and Method of Apportionment. The Supreme Court of the State has not yet decided whether landowner elections (as opposed to resident elections) satisfy requirements of Section 4 of Article XIII A, nor has the Supreme Court decided whether the special taxes of a community facilities district constitute a “special tax” for purposes of Article XIII A.

Section 53341 of the Act requires that any action or proceeding to attack, review, set aside, void or annul the levy of a special tax or an increase in a special tax pursuant to the Act shall be commenced within 30 days after the special tax is approved by the voters. No such action has been filed with respect to the Special Taxes. However, no assurance can be given that lawsuits against the District’s formation could not be filed in the future.

Disclosure to Future Purchasers

The District recorded a Notice of the Special Tax Lien for the territory initially included in Improvement Area B in the Office of the County Recorder of the County. 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 commercial facility or residential units or the lending of money thereon. Failure to disclose the existence of the Special Taxes may affect the willingness and ability of future owners of land within Improvement Area B to pay the Special Taxes when due.

Billing and Collection of Special Taxes

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

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

The District has covenanted in the Fiscal Agent Agreement under certain conditions to institute foreclosure proceedings against property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Taxes to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the Governing Board to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the Governing Board with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure," for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

No Acceleration Provision

The Bonds are not subject to acceleration under the terms of the Bonds and the Fiscal Agent Agreement. Pursuant to State law, any Owner of any of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described under "SECURITY FOR THE BONDS" and in APPENDIX D.

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

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such or future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

As discussed in this Official Statement, under the caption “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Fiscal Agent Agreement. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Fiscal Agent Agreement.

Pandemic Diseases

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the WHO announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 had significant adverse health and financial impacts throughout the world. The WHO declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the Governor of the State and the President of the United States. No assurance can be given that a new pandemic disease or other public health emergency would not occur in the future, impacting the ability or willingness of homeowners to pay their Special Taxes.

Taxpayer assistance measures may include deferral of due dates of property taxes, which was an assistance program during the COVID-19 pandemic, and with or without a deferral some taxpayers may be unable to make their property and Special Tax payments. No assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Taxes. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases or other public health emergencies.

Cyber Security

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. The School District has never had a major cyber breach that resulted in a financial loss. The School District maintains insurance coverage for cyber security losses should a successful breach ever occur.

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 Community Facilities 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 Fiscal Agent in its role as paying agent and the Dissemination Agent in connection with compliance with its disclosure undertakings. No assurance can be given that the School District or the Community Facilities District.

TAX MATTERS

Tax Exemption

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, compliance with certain representations and with certain covenants, interest the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the opinion of Bond Counsel, such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions of Bond Counsel set forth in the preceding paragraph 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 in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Fiscal Agent Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Fiscal Agent Agreement and other related documents refer to certain requirements, covenants and procedures which may be changed and certain actions that may be taken, upon the advice or with an opinion of nationally recognized bond counsel. No opinion is expressed by Bond Counsel as to the effect on any Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than Bond Counsel. Bond Counsel has not undertaken to determine (or to inform any person) where any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the federal tax status of interest on the Bonds. Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the Bonds.

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

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

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

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the School District, as applicable, or the Beneficial Owners regarding the federal tax-exempt status of interest paid on the Bonds in the event of an audit examination by the Internal Revenue Service (the "IRS"). Under current procedures, parties other than the District and their respective appointed counsel, including the beneficial owners, would have little, if any, right to participate in such an audit examination process. Moreover, because achieving judicial review in connection with an audit examination of federally tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District, the School District or the Beneficial Owners to incur significant expense.

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

Original Issue Discount; Premium Bonds

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

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

Purchasers and owners of the Bonds, including Premium Bonds, should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount properly accruable with respect to the Bonds, other federal income tax consequences of owning tax-exempt obligations with original issue discount and any state and local consequences of owning the Bonds.

Information Reporting; Backup Withholding

Interest paid with respect to tax-exempt obligations such as the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

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

The introduction or enactment of any such or future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

As discussed in this Official Statement, under the caption “TAX MATTERS – Opinion of Bond Counsel” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Fiscal Agent Agreement and certain related documents. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Fiscal Agent Agreement.

LEGAL MATTERS

Legal Opinion

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

Absence of Litigation

At the time of delivery of and payment for the Bonds, the School District will deliver a certificate to the effect that there is no known action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the School District or the District affecting the existence of the School District or the District or the title of their respective officers to office or seeking to restrain or to enjoin the issuance, sale, or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Taxes to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the bond issuance resolution, the Fiscal Agent Agreement, or any other applicable agreements or any action of the School District or the District or contemplated by any of said documents.

Legal Matters Incident to the Issuance of the Bonds

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, acting in its capacity as Bond Counsel. The unqualified opinion of Bond Counsel approving the validity of the Bonds will be attached to each Bond, and the form of such opinion is attached hereto as APPENDIX C. Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Certain legal matters related to disclosure will be passed upon for the District by Jones Hall LLP, acting in its capacity as Disclosure Counsel. Kutak Rock LLP, is acting as counsel for the Underwriter. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

CONTINUING DISCLOSURE

The District

The District has covenanted in a Continuing Disclosure Certificate for the benefit of the Bondowners to provide annually certain financial information and operating data, and to provide notices of the occurrence of certain listed events. The District has agreed in the Continuing Disclosure Certificate to file, or cause to be filed, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, this information. Each annual report will be due March 31st of each year the Bonds are outstanding, commencing with March 31, 2026. See "APPENDIX B – Form of

Continuing Disclosure Certificates.” The covenants of the District have been made in order to assist the Underwriter in complying with the Rule.

The District has no prior continuing disclosure undertakings. The School District and other related entities recently completed a review of their previous disclosure filings for previously issued securities for the past five years. As described below, the results of the review of their respective disclosure filings indicate that the School District and other related entities have not, on certain occasions during the past five years, fully complied with their respective prior continuing disclosure undertakings under the Rule.

With respect to the School District, the review indicates, for example, that instances of non-compliance with existing undertakings in the last five years are: a notice of incurrence of a financial obligation with respect to an equipment/lease purchase agreement dated December 22, 2022, was filed late; a notice of rating change by Moody’s which was effective as of March 18, 2021, with respect to lease revenue bonds of the San Marcos School Financing Authority was filed late; and information regarding top ten property owners for fiscal years 2020-21, 2021-22 and 2022-23 was not included in the annual reports for fiscal years 2019-20, 2020-21 and 2021-22.

The subsequent filings, notices, and event notices of the School District and the San Marcos School Financing Authority were filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org. To improve compliance with their respective continuing disclosure obligations, including, but not limited to, facilitating that their annual reports, audited financial statements, budget information, and any event notices and other notices are filed on a timely basis in the future, the District, the School District, and their related entities have engaged KeyAnalytics to act as Dissemination Agent on their outstanding special tax bonds, special tax revenue bonds and lease revenue bonds. See “APPENDIX B – Form of Continuing Disclosure Certificates” herein.

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

NO RATINGS

The District has not applied to a rating agency for the assignment of a rating to the Bonds and does not contemplate applying for a rating.

UNDERWRITING

The Bonds are being purchased by the Underwriter for a price of \$_____ being equal to the initial principal amount of the Bonds of \$_____, plus/less a [net] original issue premium/discount of \$_____ and less an Underwriter's discount of \$_____. The Underwriter has committed to purchase all of the Bonds if any of such Bonds are purchased.

The Bonds are being offered for sale to the public at the prices set forth on the inside cover page of this Official Statement, which price may be changed by the Underwriter from time to time without notice. The Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or an account managed by them, at prices lower than the public offering price.

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 District and to persons and entities with relationships with 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 District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with 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 securities and instruments of the District.

EXECUTION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

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

The execution and delivery of this Official Statement has been duly authorized by the District.

COMMUNITY FACILITIES DISTRICT NO. 15 OF
THE SAN MARCOS UNIFIED SCHOOL DISTRICT

By: _____
Assistant Superintendent, Business Services,
on behalf of Community Facilities District No. 15 of
the San Marcos Unified School District

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

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**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES OF
IMPROVEMENT AREA B OF
COMMUNITY FACILITIES DISTRICT NO. 15
OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT**

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels (as defined herein) within the boundaries of Improvement Area B of Community Facilities District No. 15 of the San Marcos Unified School District, a unified school district organized and existing under the laws of the State of California ("School District") each Fiscal Year (as defined herein) commencing in Fiscal Year 2021/2022, an amount determined by the Board (as defined herein) through the application of this Rate and Method of Apportionment of Special Taxes ("RMA") described below. All the real property within the boundaries of the Improvement Area (as defined herein), unless exempted by law or by provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**SECTION A
DEFINITIONS**

Unless expressly set forth herein, for purposes of this RMA, capitalized terms hereinafter set forth shall have the following meaning(s):

"**Acreage**" means the number of acres of land area within an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Administrator may rely on the land area shown on the applicable Final Map.

"**Act**" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the California Government Code.

"**Administrative Expenses**" means any ordinary and necessary expense incurred by the School District on behalf of the Improvement Area related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including, but not limited to, the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of the Improvement Area, and reasonable costs otherwise incurred in order to carry out the authorized purposes of the Improvement Area.

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

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

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

"Assessor's Parcel" means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number which is within the boundaries of the Improvement Area.

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

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

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

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

"Board" means the Governing Board (Board of Trustees) of the School District, or its designee(s), in certain cases acting as the Legislative Body of CFD No. 15.

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

"Bond Yield" means the yield applicable to the last series of Bonds issued by CFD No. 15 on behalf of the Improvement Area. For purposes of this calculation the yield of such Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

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

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other

square footage excluded under California Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

"CFD No. 15" means Community Facilities District No. 15 of the School District, including the Improvement Areas thereof. CFD No. 15 is a community facilities district formed by the School District pursuant to the provisions of the Act.

"City" means, as applicable, the City or the County in which an Assessor's Parcel is located. The San Marcos Unified School District boundaries include areas in the City of Carlsbad, City of Escondido, City of San Marcos, City of Vista and the County of San Diego (collectively, "Cities").

"County" means the County of San Diego, a political subdivision of the State of California.

"Certificate of Compliance" means the form issued by the School District acknowledging the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under California Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

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

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

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

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

"Improvement Area" means Improvement Area B of CFD No. 15. The boundaries of which are as shown on the recorded Boundary Map of CFD No. 15.

"Lot" means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued.

"Maximum Special Tax" means, for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 15 in a given Fiscal Year on such Assessor's Parcel.

"Mitigation Agreement" means the School Facilities Funding Agreement made and entered into as of August 17, 2021, by and between the School District, KB Home California LLC, and OCS-HS Lot Option Pool 02, L.P., applicable to the territory within the boundaries of CFD No. 15.

"Net Taxable Acreage" means the total Acreage of Developed Property expected to exist within the boundaries of the Improvement Area after all Final Maps are recorded.

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

"Prepayment Administrative Fees" means any fees or expenses of the School District, or CFD No. 15, associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds (including any applicable premium thereon) and recording any notices to evidence the prepayment and redemption of Bonds.

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

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

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

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

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

"School District" means the San Marcos Unified School District, a public school district organized and existing pursuant to the Constitution and laws of the State of California.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 15 within the boundaries of the Improvement Area pursuant to the Act and this RMA.

"Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by the School District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four of Section F, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included cannot cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Undeveloped Property.

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

SECTION B

CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, commencing with Fiscal Year 2021/2022, all Assessor's Parcels within the Improvement Area shall be classified as either Taxable Property or Exempt Property. In

addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. Developed Property shall be further assigned to a Land Use Class, according to Table 1 below, based on the Building Square Footage of each Unit.

Table 1
Land Use Classification

Land Use Class	Building Square Footage
1	< 3,000
2	3,000 – 3,300
3	> 3,300

SECTION C
MAXIMUM SPECIAL TAX

1. Developed Property

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

2. Approved Property

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

3. Undeveloped Property

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

SECTION D
ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property will be calculated in accordance with Table 2 below, subject to increases as described in Section D(3) below.

Table 2
Fiscal Year 2021/2022
Assigned Annual Special Taxes for
Developed Property

Land Use Class	Building Square Footage	Assigned Annual Special Tax
1	< 3,000	\$1,602.93 per unit
2	3,000 – 3,300	\$1,701.37 per unit
3	> 3,300	\$1,799.61 per unit

2. Approved Property, Undeveloped Property and Provisional Undeveloped Property

The Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, or Provisional Undeveloped Property shall be \$11,287.44 per acre of Acreage, subject to increases as described in Section D(3) below.

3. Increases in the Assigned Annual Special Tax

a. Developed Property

On each July 1, commencing July 1, 2022, the Assigned Annual Special Tax applicable to Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Approved Property, Undeveloped Property and Provisional Undeveloped Property

On each July 1, commencing July 1, 2022, the Assigned Annual Special Tax for Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

SECTION E
BACKUP ANNUAL SPECIAL TAX

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

1. Calculation of the Backup Annual Special Tax Rate

The Backup Annual Special Tax for an Assessor's Parcel of Developed Property within a Final Map shall be the rate per Lot calculated in accordance with the following formula

in Fiscal Year 2021/2022 or such later Fiscal Year in which such Final Map is created, subject to increases as described below:

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

The terms above have the following meanings:

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

2. **Changes to a Final Map**

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

- a. Determine the total Backup Annual Special Tax revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- b. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.
- c. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

3. **Increase in the Backup Annual Special Tax**

Each July 1, commencing the July 1 following the initial calculation of the Backup Annual Special Tax rate for Developed Property within a Final Map, the Backup Annual

Special Tax for each Lot within such Final Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

SECTION F

METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2021/2022 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes on all Taxable Property in accordance with the following steps:

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

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAXES

1. Special Tax Prepayment Terms and Conditions

The Annual Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel and subject to the limitations set out herein. An owner of an Assessor's Parcel intending to prepay the Assigned Annual Special Tax shall provide the School District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner, in writing, of such Prepayment Amount. Such Prepayment Amount shall be valid until January 1 or July 1 immediately following the date of receipt of such written notice, whichever shall first occur.

2. Special Tax Prepayment Calculation

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

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVT	=	Present Value of Special Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Special Tax Prepayment Procedures and Limitations

The amount representing the Present Value of Special Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, (i) prior to the issuance of Bonds, be deposited into a separate account held with the School District, on behalf of CFD No. 15, and disbursed in accordance with the terms of the Mitigation Agreement and (ii) after the issuance of Bonds be deposited into the applicable account or fund established under the applicable trust agreement, indenture agreement or fiscal agent agreement and used to pay debt service and/or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by CFD No. 15.

With respect to any Assessor's Parcel for which the Special Taxes are fully prepaid, the Board shall indicate in the records of CFD No. 15 that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

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

SECTION H

PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

1. Partial Prepayment Terms and Conditions

The Annual Special Tax obligation of Assessor's Parcels of Taxable Property may be partially prepaid in increments of exactly ten (10) units, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcels at the time the Annual Special Tax obligation would be partially prepaid. An owner of such Assessor's Parcel(s) intending to partially prepay the Assigned Annual Special Tax shall provide the School District with written notice of its intent to partially prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount. Such Prepayment Amount shall be valid until January 1 or July 1 immediately following the date of receipt of such written notice, whichever shall first occur.

2. Partial Prepayment Calculation

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

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

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
PVT	=	Present Value of Special Taxes
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Partial Prepayment Procedures and Limitations

The amount representing the Present Value of Special Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement or indenture agreement or fiscal agent agreement and used to pay debt service and/or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by CFD No. 15.

With respect to any Assessor's Parcel that is partially prepaid, CFD No. 15 shall indicate in the records of CFD No. 15 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax, if applicable, for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

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

Notwithstanding the above, the ability to prepay the Annual Special Tax obligation of an Assessor's Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of CFD No. 15, without notice to the owners of property within CFD No. 15 for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by CFD No. 15 to assist in the efficient preparation of the required bond market disclosure.

SECTION I ANNUAL SPECIAL TAX REMAINDER

In any Fiscal Year in which the Annual Special Taxes collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of facilities in accordance with the terms of the Mitigation Agreement and to pay certain costs associated with the maintenance and operations of school facilities in accordance with the Act, CFD No. 15 formation/annexation proceedings and other applicable laws as determined by the Board in its sole discretion.

SECTION J TERMINATION OF SPECIAL TAX

The Annual Special Tax shall be levied for a term of five (5) Fiscal Years after the final maturity of the last series of Bonds, provided that the Annual Special Tax shall not be levied later than Fiscal Year 2063/2064. However, notwithstanding the foregoing sentence, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board has determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of CFD No. 15 have been acquired and all reimbursements have been paid, and (iii) all other obligations of CFD No. 15, on behalf of the Improvement Area, have been satisfied.

SECTION K EXEMPTIONS

The Administrator shall classify as Exempt Property in the chronological order in which each Assessor Parcel becomes (i) owned by the State of California, federal or other local government(s), (ii) used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) owned by a homeowners' association, (iv) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, or (v) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than 13.2840 ("Minimum Taxable Acreage").

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

SECTION L APPEALS

Any property owner claiming that the amount or application of the Special Tax levied on his or her property is not correct may file a written notice of appeal with the Administrator which written notice must be received by the Administrator not later than 1 year after having paid the first installment of the Special Tax that is disputed. Appeals submitted or received after such time shall not be considered. The reissuance or cancellation of a building permit is not an eligible reason for an appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) or an adjustment shall be made for the amount due for any prior Fiscal Year as the representative's decision shall indicate.

SECTION M MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that CFD No. 15 may directly bill all or a portion of the Special Tax, may collect some or all of the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____
**COMMUNITY FACILITIES DISTRICT NO. 15
OF THE OF SAN MARCOS UNIFIED SCHOOL DISTRICT (IMPROVEMENT AREA B)
SERIES 2025 SPECIAL TAX BONDS**

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the Community Facilities District No. 15 of the San Marcos Unified School District (the “District”) in connection with the issuance of the Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B) Series 2025 Special Tax Bonds (the “Bonds”). The Bonds are issued and secured pursuant the provisions of a resolution of the Governing Board of San Marcos Unified School District (the “School District”), acting as the Legislative Body of the District, adopted on August 14, 2025 (the “Resolution”), provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the California Government Code), and the Fiscal Agent Agreement, dated as of September 1, 2025 (the “Fiscal Agent Agreement”), by and between the District and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”).

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” means March 31 in each year the Bonds are outstanding.

“Disclosure Representative” means the Assistant Superintendent, Business Services of the School District, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means KeyAnalytics, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“EMMA System” means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (the “MSRB”) or such other electronic system designated by the MSRB or the Securities and Exchange Commission (the “S.E.C.”) for compliance with S.E.C. Rule 15c2-12(b).

“Financial Obligation” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt

obligation; or (iii) guarantee of a clause (i) debt obligation or of a clause (ii) a derivative instrument described above; provided, however, that the term "Financial Obligation" shall not include "municipal securities" (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a "final official statement" (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the twelve-month period beginning on July 1 of each year and ending on June 30 of the following year.

"Listed Events" means any of the events listed in Section 5(a) and (b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Obligated Person" means any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement (e.g., the Community Facilities District as to the Bonds) to support payment of all, or part of the obligations of the municipal securities to be sold (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Official Statement" means the Official Statement relating to the Bonds.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated as the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, provide to the MSRB, through the EMMA System 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 Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the date required above if not available by that date. The Annual Report for Fiscal Year 2024-25, which shall be due by March 31, 2026, shall be satisfied by the Official Statement and filing the audited financial statements of the School District for Fiscal Year 2024-25. Not later than fifteen (15) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference (or incorporate by reference) other information as provided in Section 4 of this Disclosure Certificate. The information contained or incorporated in each Annual Report shall be for the Fiscal Year which ended on the preceding June 30. The District 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 certifications of the District and shall have no liability, duty or obligation whatsoever to review any such Annual Report. Further, the Dissemination Agent shall have no liability for the contents of any such Annual Report.

NO FUNDS OR ASSETS OF THE SCHOOL DISTRICT ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND THE SCHOOL DISTRICT IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE SCHOOL DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB through the EMMA System by the date specified in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the MSRB through the EMMA System, in substantially the form attached as Attachment A.

(c) The Dissemination Agent shall: (i) determine each year prior to the date for providing the Annual Report the electronic filing requirements of the MSRB for the Annual Report; and (ii) provide any Annual Report received by it to the MSRB through the EMMA System. If the Dissemination Agent is other than the District and to the extent such Dissemination Agent can confirm such filing of the Annual Report, provide notice to the District that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA system and to the Participating Underwriter.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) the principal amount of the Bonds outstanding as of September 30 of each year;

(b) the balance in each fund and account under the Fiscal Agent Agreement as of the September 30 preceding the filing of the Annual Report, including the Reserve Fund and a statement of the Reserve Requirement;

(c) an update of the information in Table 1 of the Official Statement using the current year's actual Special Tax levy and information regarding the percentage of delinquency, if any, in the collection of Special Taxes levied on property in Improvement Area B for the Fiscal Year preceding the Annual Filing Date;

(d) an update of the information in Table 4 of the Official Statement showing the reported year's information;

(e) any changes to the Rate and Method of Apportionment of Special Tax approved or submitted to the electors for approval prior to the filing of the Annual Report;

(f) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(g) any information not already included under (a) through (e) above that the District 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; and

(h) (i) the total amount of the Special Taxes levied in Improvement Area B in the current Fiscal Year to pay debt service on the Outstanding Bonds; (ii) the total amount of such Special Taxes that was collected for the first installment of the current Fiscal Year; and (iii) the total amount of interest due on the Outstanding Bonds on the succeeding September 1 Interest Payment Date.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District, the School District or related public entities, which have been submitted to the MSRB through the EMMA System or the S.E.C. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the District shall file, or if the Dissemination Agent is other than the District, promptly instruct the Dissemination Agent in writing to file a notice with the MSRB through the EMMA System of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person. (Note: For the purposes of this event, it 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 U.S. Bankruptcy Code or in any other

proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the 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.

13. The consummation of a merger, consolidation or acquisition involving an Obligated Person or sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material.
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

If a Listed Event subject to a materiality requirement set forth in subparagraph (a)(2), (a)(6)^(*), (a)(7), (a)(8),^(†) (a)(10), (a)(13), (a)(14) or (a)(15) above occurs, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) The District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the MSRB through the EMMA System in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure

(*) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) are to be reported in all cases, without evaluation as to materiality, while other items referred to in clause (vi) relating to notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds are to be reported if material.

(†) Tender notices are to be reported in all cases; Bonds redemptions are to be reported if material.

Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days' written notice to the District. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment requested by the District, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities law, acceptable to the District and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the first annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be given in the same manner as for a Listed Event under Section 5(b).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Dissemination Agent may, and, at the request of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of the outstanding Bonds, shall (but only to the extent funds in any amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise

indemnified to its satisfaction from any cost, liability, expense or additional charges whatsoever related thereto, including without limitation, fees and expenses of its attorneys), or any Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as applicable, to comply with their obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Fiscal Agent Agreement and the sole remedy under this Disclosure Certificate in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties hereunder as are specifically set forth in this Disclosure Certificate. This Disclosure Certificate does not apply to any other securities issued or to be issued by the District. The Dissemination Agent shall have no responsibility for the preparation, review, form or content of any notice of a Listed Event. No provision of this Disclosure Certificate shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Information disclosed hereunder by the Dissemination Agent may contain such disclaimer language concerning the Dissemination Agent's responsibilities hereunder with respect thereto as the Dissemination Agent may deem appropriate. The Dissemination Agent may conclusively rely on the determination of the District regarding any event for purposes of Section 5 hereof. The Dissemination Agent make any representation as to the sufficiency of this Disclosure Certificate for purposes of the Rule. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of their duties hereunder. The obligations of the District under this Section shall survive the termination of this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2025

COMMUNITY FACILITIES DISTRICT NO.
15 OF THE SAN MARCOS UNIFIED
SCHOOL DISTRICT

By: _____
Authorized Officer

Acknowledged and Accepted by:

KEYANALYTICS, as Dissemination Agent

By: _____
Authorized Officer

ATTACHMENT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 15 of the San Marcos Unified School District

Name of Bond Issue: Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B) Series 2025 Special Tax Bonds

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Community Facilities District No. 15 of the San Marcos Unified School District (the "District") has not provided an Annual Report with respect to the above-referenced Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

KEYANALYTICS
as Dissemination Agent on behalf of the
District

By: _____
Authorized Signatory

cc: San Marcos Unified School District

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel to Community Facilities District No. 15 of the San Marcos Unified School District, proposes to render their final approving opinion with respect to the Bonds in substantially the following form:

[Dated Date]

Governing Board
San Marcos Unified School District
255 Pico Avenue
San Marcos, CA 92069

Re: \$_____ Community Facilities District No. 15 of the
 San Marcos Unified School District (Improvement Area B)
 Series 2025 Special Tax Bonds
 Final Opinion of Bond Counsel

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by Community Facilities District No. 15 of the San Marcos Unified School District ("District") of \$_____ aggregate principal amount of bonds designated "Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B) Series 2025 Special Tax Bonds" ("Bonds"). The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), Resolution # 01-25/26, adopted by the Governing Board of the San Marcos Unified School District ("School District"), acting in its capacity as the Legislative Body of the District on August 14, 2025 and the Fiscal Agent Agreement dated as of September 1, 2025 ("Fiscal Agent Agreement"), by and between the District and U.S. Bank Trust Company, National Association, as Fiscal Agent ("Fiscal Agent"). Capitalized terms used herein and not otherwise defined shall have the meaning(s) given such terms in the Fiscal Agent Agreement.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the formation of the District, the issuance of the Bonds and certain related matters ("District Proceedings"). We have also examined certificates and representations made by public officials and officers of the District, the School District and the underwriter of the Bonds, including certificates as to factual matters, including, but not limited to, the Tax Certificate, as we have deemed necessary to render the opinions set forth herein.

Attention is called to the fact that we have not been requested to examine, and have not examined, any documents or information relating to the District or the School District other than the record of the District Proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof which has been or may be supplied to any purchaser of the Bonds. In rendering the opinions set forth herein, we have relied upon the

representations of fact and certifications referred to herein, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Fiscal Agent Agreement, the Tax Certificate and other documents relating to the District Proceedings including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with the issuance thereof and we disclaim any obligation to update this letter.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Fiscal Agent Agreement and other documents related to the District Proceedings are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies, to the application of equitable principles heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases and to limitations on legal remedies against school districts in the State of California ("State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion with regard to "Blue Sky" laws in connection with the Bonds. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

The Fiscal Agent Agreement, the Tax Certificate and other documents related to the District Proceedings refer to certain requirements and procedures which may be changed and certain actions which may be taken or omitted under the circumstances and subject to terms and conditions set forth in such documents, in certain cases upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond, or the interest paid thereon, if any such change is made, or action is taken or omitted, upon the advice or approval of counsel other than ourselves.

Based on and subject to the foregoing, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant to the circumstances, we are of the following opinions:

1. The District has, and the District Proceedings show, full power and authority to issue the Bonds. The Bonds constitute legal, valid and binding obligations of the District, payable in accordance with their terms. The Bonds are limited obligations of the District payable solely from and secured by a pledge of the Net Taxes, and

from other funds and accounts held pursuant to the Fiscal Agent Agreement, and are not obligations of the School District, the State or any public agency thereof (other than the District). The District has the full right, power and authority to levy and pledge the Net Taxes to the Owners of the Bonds.

2. The Fiscal Agent Agreement has been duly and validly authorized, executed and delivered by, and constitutes a valid and binding obligation of, the District.
3. Interest on the Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In addition, interest on the Bonds is exempt from personal income taxation imposed by the State of California ("State"). We express no opinion regarding other tax consequences related to the Bonds or to the accrual or receipt of the interest on the Bonds.

We express no opinion as to any matter other than as expressly set forth above.

Very truly yours,

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 15 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT (IMPROVEMENT AREA B) SERIES 2025 SPECIAL TAX BONDS

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

Definitions

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

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

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

“Administrative Expense Requirement” means an amount up to a maximum of \$26,530.20 per Fiscal Year, which amount shall escalate at two percent (2.00%) per Fiscal Year beginning with Fiscal Year 2024-2025.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes and any other costs related to the Series 2025 Special Tax Bonds and the Fiscal Agent Agreement, including the fees and expenses of the Fiscal Agent and any Persons, parties, consultants or attorneys employed pursuant to the provisions of the Fiscal Agent Agreement, costs and legal expenses of foreclosure actions undertaken pursuant to the terms of the Fiscal Agent Agreement to the extent not recovered pursuant to statutory authorization, costs otherwise incurred by the District in order to carry out the authorized purposes of the Series 2025 Special Tax Bonds, including rebate compliance and statutory disclosure for the District’s continuing disclosure obligations and reporting requirements and for “Administrative Expense” as defined in the Rate and Method.

“Annual Debt Service” means, with respect to any Outstanding Series 2025 Special Tax Bonds, for each Bond Year, the sum of (a) the interest payable on such Series 2025 Special Tax Bonds in such Bond Year, and (b) the principal amount of the Outstanding Series 2025 Special Tax Bonds scheduled to be paid in such Bond Year.

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

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

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

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

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

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

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

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

(f) Deposit accounts, time certificates of deposit or negotiable certificates of deposit

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

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

(g) Commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by Moody’s and Standard & Poor’s, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an “A2” or “A” or higher rating for the issuer’s debentures, other than commercial paper, by Moody’s and Standard & Poor’s, provided that purchases of eligible commercial paper may not exceed 180 days’ maturity nor represent more than ten percent (10%) of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed twenty percent (20%) of the proceeds of the Series 2025 Special Tax Bonds.

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

- (1)
 - (A) The agreement is secured by any one or more of the securities described in clause (a) above of this definition of Authorized Investments (“Underlying Securities”);
 - (B) The Underlying Securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement (“Holder of Collateral”) and the Underlying Securities have been transferred to the Holder of Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books); and
 - (C) The Underlying Securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than one hundred three percent (103%) of the amount so invested and at such levels and additional conditions not otherwise in conflict with the terms above as would be acceptable to Standard & Poor’s and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach).
- (2) The repurchase agreement shall provide that if during its term the provider’s rating by Moody’s and Standard & Poor’s is withdrawn or suspended or falls below “A-” by Standard & Poor’s or “A3” by Moody’s, as

appropriate, the provider must within ten (10) days of receipt of direction from the Fiscal Agent, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Fiscal Agent.

(i) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution, the long-term unsecured obligations of which are rated "Aa2" or "AA" or better by Moody's and Standard & Poor's at the time of initial investment ("Provider"). The investment agreement shall be subject to a downgrade provision with at least the following requirements:

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

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

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

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

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

(o) Investment in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Fiscal Agent or an affiliate of the Fiscal Agent receives fees from funds for services rendered, (ii) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent.

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

“Board” or “Governing Board” means the Governing Board of the San Marcos Unified School District.

“Bond Counsel” means a firm of nationally recognized bond attorneys, initially Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation.

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

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

“Bond Year” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Dated Date to September 1, 2026, both dates inclusive.

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

“Bonds” or “Series 2025 Special Tax Bonds” means the Outstanding Community Facilities District No. 15 of the San Marcos Unified School District (Improvement Area B) Series 2025 Special Tax Bonds issued pursuant to the terms of the Fiscal Agent Agreement and any Supplement(s) thereto.

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

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

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

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

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, issuance, sale and delivery of the Series 2025 Special Tax Bonds, which items of expense shall include, but not be limited to, costs of formation of CFD No. 15, printing costs, cost of reproducing and binding documents, closing costs, appraisal costs, mortgage study costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the authorization and issuance of the Series 2025 Special Tax Bonds and the establishment of the District, contractual reimbursements due from CFD No. 15, legal fees and charges, including Bond Counsel and Disclosure Counsel, District financial consultants’ fees, costs of bond insurance and any reserve fund surety, costs for ratings or financial information concerning the Series 2025 Special Tax Bonds, charges for execution, transportation and safekeeping of the Series 2025 Special Tax Bonds and other costs, charges and fees in connection with the foregoing.

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

“County” means the County of San Diego, a political subdivision of the State.

“Dated Date” or “Delivery Date” means the date the Series 2025 Special Tax Bonds are delivered.

“Depository” means any depository which holds any Bonds pursuant to the terms of the Fiscal Agent Agreement, initially, with respect to the Series 2025 Special Tax Bonds, The Depository Trust Company (DTC).

“Designated Corporate Trust Office” means the corporate trust office of the Fiscal Agent, which, at the date of execution of the Fiscal Agent Agreement, is located at 445 South Figueroa Street, Suite 401, Los Angeles, CA 90071, Attention: Corporate Trust Office, or such other office(s) as the Fiscal Agent may designate from time to time; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business shall be conducted.

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

“Developer(s)” means those parties developing the property within Improvement Area B as identified under the terms of the School Facilities Funding Agreement.

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

“District” or “CFD No. 15” means Community Facilities District No. 15 of the San Marcos Unified School District.

“District Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate furnished by the District in connection with the issuance of the Series 2025 Special

Tax Bonds, as originally executed and as such may be amended from time to time in accordance with the terms thereof.

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

(i) the excess of

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

(B) the amount that would have been earned if the yield on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (i)) had been equal to the Yield on the Series 2025 Special Tax Bonds,

plus

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

In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and annual debt service on the Series 2025 Special Tax Bonds during each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of one year's earnings on such fund or account or one-twelfth (1/12) of annual debt service on the Series 2025 Special Tax Bonds, as well as amounts earned on said earnings. The District intends that the Bond Fund, including the Principal Account and the Interest Account established therein, the Special Tax Fund and the Redemption Fund will be the type of funds described in the preceding sentence.

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

“Fiscal Agent” means U.S. Bank Trust Company, National Association, and its successors and assigns or any other fiscal agent which may be appointed pursuant to the provisions of the Fiscal Agent Agreement.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement, entered into by and between the District and the Fiscal Agent, as amended or supplemented pursuant to the terms thereof.

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

“Gross Proceeds” means any proceeds of the Series 2025 Special Tax Bonds and any funds (other than proceeds of the Series 2025 Special Tax Bonds) that are part of a reserve or replacement fund for the Series 2025 Special Tax Bonds within the meaning of Section 1.148-1(b) of the Regulations.

“Gross Taxes” means the amount of all Special Taxes collected within Improvement Area B of Community Facilities District No. 15, as set out in the Rate and Method, and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Fiscal Agent Agreement for the delinquency of such Special Taxes.

“Improvement Area B” means Improvement Area B of Community Facilities District No. 15 of the San Marcos Unified School District.

“Independent Financial Consultant” means a consultant or firm of such consultants generally recognized to be qualified in the field of implementation and administration of community facilities districts, or the financial consulting field, appointed and paid by the District and who, or each of whom:

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

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

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

“Interest Payment Date” means March 1 and September 1 of each year during which Series 2025 Special Tax Bonds are Outstanding, commencing March 1, 2026.

“Legislative Body” means the Governing Board, acting as the Legislative Body of the District.

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

“Mandatory Sinking Payments” means the amounts to be applied to the redemption of the Series 2025 Special Tax Bonds in accordance with the schedule set forth in the Fiscal Agent Agreement and any subsequent schedule set forth in any Supplement.

“Maximum Annual Debt Service” means the maximum sum obtained for any remaining Bond Year prior to the final maturity on the Series 2025 Special Tax Bonds by totaling the following for each Bond Year:

- (1) the principal amount of all Outstanding Series 2025 Special Tax Bonds payable in such Bond Year whether at maturity or by redemption, together with any applicable premium thereon, if any premium is payable; and
- (2) the interest payable on the aggregate principal amount of Series 2025 Special Tax Bonds Outstanding in such Bond Year assuming the Series 2025 Special Tax Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Services, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

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

“Nominee” means the nominee of DTC, which may be CEDE & Co. or DTC, as determined from time to time pursuant to the provisions of the Fiscal Agent Agreement.

“Nonpurpose Investments” means any security, investment, obligation, annuity, investment-type property, specified private activity bond or any other type of investment property defined in Section 148 of the Code in which Gross Proceeds are invested (other than tax-exempt securities which are described in Section 103(a) of the Code) and which is not acquired to carry out the governmental purpose(s) of the Series 2025 Special Tax Bonds.

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

“Ordinance” or “Ordinance # 01-21/22” means Ordinance # 01-21/22 adopted by the Board, acting as the Legislative Body, on October 19, 2021.

“Outstanding” means all Series 2025 Special Tax Bonds theretofore issued by the District, except:

- (1) Series 2025 Special Tax Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;
- (2) Series 2025 Special Tax Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to the terms of the Fiscal Agent Agreement; and
- (3) Series 2025 Special Tax Bonds paid and discharged pursuant to the terms of the Fiscal Agent Agreement.

“Participating Underwriter” shall have the meaning ascribed thereto in the District Continuing Disclosure Certificate.

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

“Prepaid Special Taxes” means all Special Taxes prepaid to the District pursuant to Resolution # 15-21/22 of the School District, and the Rate and Method, during the term of the Fiscal Agent Agreement, less related applicable Administrative Expenses.

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

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

“Project” means the “Facilities,” or any portion thereof, as defined in the Resolution of Formation, and the Community Facilities District Report, dated September 21, 2021, to be designed, constructed, acquired, financed, installed or completed by the District or the School District, as applicable.

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

“Purchase Price” for the purpose of computation of the Yield of the Series 2025 Special Tax Bonds, has the meaning set forth in Treasury Regulations §1.148-1(f), and, in general, means for each maturity of the Series 2025 Special Tax Bonds the initial offering price to the public (not including bond houses and brokers, or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at which price at least 10% of such is sold or, if the Series 2025 Special Tax Bonds are privately placed, the price paid by the original purchaser or the acquisition cost of the original purchaser for each such maturity. The term “Purchase Price,” for the purpose of computation of the Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds for acquisition thereof, or, if later, on the date that Investment Property (as defined in Section 148(b)(2) and (3) of the Code) constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2025 Special Tax Bonds, as the case may be.

“Rate and Method” means the Rate and Method of Apportionment of Special Taxes of Improvement Area B of the District, as set forth in the Ordinance and as approved pursuant to the Act, and as such may be amended or interpreted from time to time.

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

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

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

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

“Representation Letter” shall mean the Blanket Letter of Representations from the District to the Depository as described in the Fiscal Agent Agreement and as such may be amended or supplemented from time to time.

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

“Reserve Requirement” means, with respect to the Series 2025 Special Tax Bonds, an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Series 2025 Special Tax Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service on the Series 2025 Special Tax Bonds, or (iii) 125% of average annual debt service on the Series 2025 Special Tax Bonds.

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

“Resolution of Issuance” means Resolution # 01-25/26 of the District, adopted by the Board, acting as the Legislative Body, on August 14, 2025, authorizing the issuance and sale of the Series 2025 Special Tax Bonds and approving, among other things, the Fiscal Agent Agreement.

“Responsible Officer” of the Fiscal Agent means a trust officer or any other authorized officer of the Fiscal Agent at its Designated Corporate Trust Office.

“School District” means the San Marcos Unified School District.

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

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

“School Facilities Funding Agreement” means, that School Facilities Funding Agreement, entered into by and between the School District and the therein-named developer(s), dated August 17, 2021, as assigned, and as such School Facilities Funding Agreement may be amended, or assigned (in full or in part), from time to time.

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

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

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

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

“Special Taxes” means the Special Taxes levied within Improvement Area B by action of the Legislative Body pursuant to the Act, the Rate and Method, the Resolution of Formation, the

Ordinance, the voter approvals obtained at the Improvement Area B Election (as defined in the Fiscal Agent Agreement) and the provisions of the Act.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a subsidiary of Standard & Poor’s Financial Services LLC, a limited liability company duly organized and existing under the laws of the State of New York and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“State” means the State of California.

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

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

“Term Bond(s)” means the Series 2025 Special Tax Bonds maturing September 1, 20____, September 1, 20____ and September 1, 20____.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

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

“Yield” means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 2025 Special Tax Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Series 2025 Special Tax Bonds, as the case may be, all computed as prescribed in the applicable Regulations.

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Bond Terms

The Series 2025 Special Tax Bonds are issued pursuant to the Resolution of Issuance, the Act, the community facilities district formation proceedings and the Fiscal Agent Agreement in the amounts and maturities set forth in the Fiscal Agent Agreement (see “INTRODUCTION,” “THE BONDS – Authority for Issuance” and “ – Debt Service Schedule” in the Preliminary Official Statement for further information).

Purpose of the Bonds. The Series 2025 Special Tax Bonds are being issued, pursuant to the Act, to (i) finance School Facilities for the School District, (ii) fund a Reserve Fund for the Series 2025 Special Tax Bonds, and (iii) pay certain Costs of Issuance. See “INTRODUCTION – General,” and “FINANCING PLAN” in the Preliminary Official Statement for further information.

Limited Obligation. The Series 2025 Special Tax Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds and accounts created pursuant to the Fiscal Agent Agreement as specified therein. The Net Taxes are pledged and set aside for the payment of the Series 2025 Special Tax Bonds pursuant to the terms of the Fiscal Agent Agreement.

The Series 2025 Special Tax Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Net Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Series 2025 Special Tax Bonds or interest thereon, and no Owner of the Series 2025 Special Tax Bonds may compel the exercise of the taxing power by the District (except with respect to the Net Taxes) or the School District or the forfeiture of any of their property. The principal of and interest on the Series 2025 Special Tax Bonds, and premiums, if any, upon the redemption of any thereof, are not a debt of the District or the School District, the State of California nor any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Series 2025 Special Tax Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, pledged and set aside for the payment of the Series 2025 Special Tax Bonds and interest thereon. Neither the members of the Legislative Body or the Board nor any Persons executing the Series 2025 Special Tax Bonds are personally liable on the Series 2025 Special Tax Bonds by reason of their issuance (see “INTRODUCTION,” “SECURITY FOR THE BONDS – General” and “SPECIAL RISK FACTORS – Limited Obligations” in the Preliminary Official Statement for further information).

Equality of Bonds; Pledge of Net Taxes. Pursuant to the Act and the Fiscal Agent Agreement, the Series 2025 Special Tax Bonds shall be equally payable from the Net Taxes without priority for number, date of the Series 2025 Special Tax Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Series 2025 Special Tax Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created under the Fiscal Agent Agreement as specified therein. All of the Net Taxes are pledged and set aside by the Fiscal Agent Agreement for the payment of the Series 2025 Special Tax Bonds, and such Net Taxes and any interest earned on the Net Taxes shall constitute pledged funds for the payment of the interest on, principal of and premium, if any, on the Series 2025 Special Tax Bonds and so long as any of the Series 2025 Special Tax Bonds or interest thereon are unpaid, the Net Taxes and interest thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement or any Supplement, and shall be held for the benefit of the Bondowners and shall be applied pursuant to the Fiscal Agent Agreement, or to the Fiscal Agent Agreement as modified

pursuant to provisions therein. Notwithstanding any provision contained in the Fiscal Agent Agreement to the contrary, Net Taxes deposited in the Administrative Expense Fund, the Residual Fund and the Rebate Fund shall no longer be considered to be pledged to the Series 2025 Special Tax Bonds and the Administrative Expense Fund, the Construction Fund (and its accounts), the Residual Fund and the Rebate Fund shall not be construed as trust funds held for the benefit of the Bondowners.

In the event that the Fiscal Agent lacks sufficient amounts to make timely payment of principal and interest and premium upon redemption, if any, on the Series 2025 Special Tax Bonds when due, such principal of and interest and premium on the Series 2025 Special Tax Bonds shall be paid from available amounts held by the Fiscal Agent in the Special Tax Fund (and its accounts), Bond Fund, Reserve Fund or Redemption Fund under the Fiscal Agent Agreement (not including those amounts deposited in the Construction Fund (and its accounts), the Administrative Expense Fund, the Residual Fund and the Rebate Fund) in accordance with such terms without preference or priority of interest over principal or principal over interest, or of any installment of principal or interest over any other installment of principal or interest, ratably to the aggregate amount of such principal and interest (see "SECURITY FOR THE BONDS" in the Preliminary Official Statement for further information).

Nothing in the Fiscal Agent Agreement, or any Supplement, shall preclude the redemption of any Series 2025 Special Tax Bonds subject to call and redemption prior to maturity and payment of the Series 2025 Special Tax Bonds from proceeds of refunding bonds issued under the Act, as the same now exists or is later amended, or under any other law of the State.

Funds and Accounts

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

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

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

(b) To the Interest Account of the Bond Fund, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Series 2025 Special Tax Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Series 2025 Special Tax Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Series 2025 Special Tax Bonds during the current Bond Year.

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Series 2025 Special Tax Bonds which are Term Bonds during the current Bond Year.

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

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

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

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

(i) Any remaining Special Taxes and other amounts constituting Net Taxes, if any, shall remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Series 2025 Special Tax Bonds (including payment of Mandatory Sinking Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f) above, shall, be retained in the Special Tax Fund and applied to the purposes set forth in (a)-(g) above in the next following Bond Year until such time as the District provides to the Fiscal Agent a certification, which shall be confirmed by a special tax consultant to the District, that: (i) the Special Taxes levied on Developed Property are equal to or greater than the amount needed to satisfy the requirements of (a)-(e), above, in such Bond Year; (ii) the Administrative Expense Requirement of the District in such Bond Year has been, or will be, satisfied; and (iii) no Special Taxes are being levied on Undeveloped Property. Upon making such certification, and following the end of the corresponding Bond Year, any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Series 2025 Special Tax Bonds (including payment of Mandatory Sinking Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f) above, shall, without further action by any party, be transferred by the Fiscal Agent on September 2 of each such year into the Residual Fund, which funds shall thereafter be used in accordance with the Fiscal Agent Agreement and shall be free and clear of any lien thereon. The Fiscal Agent shall promptly confirm the amount of such transfer(s) into the Residual Fund in writing to the District. **Moneys deposited into, or held within, the Residual Fund are not pledged to the payment of principal, interest or premiums on the Series 2025 Special Tax Bonds.** Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Series 2025 Special Tax Bond and after all principal and interest then due on any Series 2025 Special Tax Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, moneys in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the Special Tax Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement.

Investment earnings on amounts in the Special Tax Fund, if any, shall be retained therein (see “SECURITY FOR THE BONDS – Special Tax Fund” in the Preliminary Official Statement for further information).

Prepayment Account of the Special Tax Fund. Prepaid Special Taxes collected by the District (net of any costs of collection) shall be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent; and the District shall direct the Fiscal Agent to deposit the Prepaid Special Taxes in the Prepayment Account of the Special Tax Fund (which the Fiscal Agent shall then establish). The Prepaid Special Taxes shall be held in the Prepayment Account for the benefit of the Series 2025 Special Tax Bonds and shall be transferred by the Fiscal Agent to the Mandatory Redemption Account of the Redemption Fund to call Series 2025 Special Tax Bonds on the next Interest Payment Date for which notice can be given in accordance with the special mandatory redemption provisions as set forth in the Fiscal Agent Agreement. The Prepaid Special Taxes shall be transferred to the Mandatory Redemption Account and applied to call Series 2025 Special Tax Bonds as set out in the Fiscal Agent Agreement. Moneys representing the Prepaid Special Taxes shall be invested in accordance with the terms of the Fiscal Agent Agreement. Investment earnings on amounts in the Prepayment Account not needed to redeem the Series 2025 Special Tax Bonds pursuant to the special mandatory redemption provisions of the Fiscal Agent Agreement shall be transferred to the Special Tax Fund by the Fiscal Agent at the time of transfer of the Prepaid Special Taxes to the Mandatory Redemption Account of the Redemption Fund. See “THE BONDS – Redemption” and “SPECIAL RISK FACTORS – Extraordinary Redemption from Prepaid Special Taxes” in the Preliminary Official Statement.

Administrative Expense Fund. Upon receipt of Gross Taxes the Fiscal Agent shall transfer from the Special Tax Fund to the Administrative Expense Fund, from time to time, the Administrative Expense Requirement, and any amount(s) that the District has determined and of which the District has notified the Fiscal Agent of pursuant to the provisions of the Fiscal Agent Agreement. The Administrative Expense Requirement, and the deposit of funds into the Administrative Expense Fund, shall be subject to the provisions and priorities set forth in the Fiscal Agent Agreement. Upon receipt of a duly executed payment request provided for under the provisions of the Fiscal Agent Agreement, the Fiscal Agent shall pay Administrative Expenses from amounts in the Administrative Expense Fund, directly to the contractor or such other Person, corporation or entity designated as the payee on such form, which payee may include the District, or School District, or shall reimburse the District, or School District, for Administrative Expenses paid by the District, or School District, as applicable, from such amounts. Moneys in the Administrative Expense Fund shall not be construed as a trust fund for the benefit of the Bondowners and are not pledged for payment of the principal of, or interest or premium on, the Bonds, and are not subject to any Bondowners’ lien. Moneys in the Administrative Expense Fund shall be invested in accordance with the terms of the Fiscal Agent Agreement. Investment Earnings on amounts in the Administrative Expense Fund, if any, shall be retained therein.

Bond Fund. The Bond Fund (in which there is established an Interest Account and a Principal Account), is used to disperse payments of principal and interest to the Bondowners on each respective Interest Payment Date. Two Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund, or the Reserve Fund in the event that sufficient moneys are unavailable in the Special Tax Fund, and deposit in the Principal Account and the Interest Account of the Bond Fund an amount equal to all of the principal and all of the interest due and payable on Series 2025 Special Tax Bonds on the ensuing Interest Payment Date, less amounts on hand in the Bond Fund available to pay principal and/or interest on such Series 2025 Special Tax Bonds. Notwithstanding the foregoing, amounts in the Bond Fund resulting from transfers from the Construction Fund pursuant to the Fiscal Agent Agreement shall be used to pay the principal of and interest on such Series 2025 Special Tax Bonds prior to the

use of any other amounts in the Bond Fund for such purpose. The Fiscal Agent shall apply moneys in the Interest Account and Principal Account to the payment of interest and principal, respectively, on the Series 2025 Special Tax Bonds on each Interest Payment Date

Funds held in the Bond Fund shall be invested in accordance with the Fiscal Agent Agreement. All investment earnings and profits resulting from such investment shall be retained in the accounts established for the Series 2025 Special Tax Bonds in the Bond Fund and used to pay principal of and interest on the Series 2025 Special Tax Bonds. Upon final maturity of the Series 2025 Special Tax Bonds and the payment of all principal of and interest on the Series 2025 Special Tax Bonds, any moneys remaining in the Bond Fund shall be transferred to the Special Tax Fund.

See “SECURITY FOR THE BONDS – Bond Fund” in the Preliminary Official Statement for further information.

Reserve Fund. There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Series 2025 Special Tax Bonds, the Reserve Requirement shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds in excess of such predetermined Reserve Requirement shall be utilized as set forth in the Fiscal Agent Agreement. If Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment, a proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed and the original aggregate principal of the Bonds, but not in excess of the amount of funds available as a result of the re-determination of the Reserve Requirement) will be applied to the redemption of the Bonds as provided in the Fiscal Agent Agreement.

Except as provided in the following paragraph with respect to certain investment earnings, moneys in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and premium on Series 2025 Special Tax Bonds when due to the extent that moneys in the Interest Account and the Principal Account of the Bond Fund or moneys in the Sinking Fund Redemption Account, as applicable, are insufficient therefor; (ii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes; (iii) making any required transfer to the Rebate Fund pursuant to the provisions of the Fiscal Agent Agreement upon written direction from the District; (iv) paying the principal and interest due on Series 2025 Special Tax Bonds in the final Bond Year; and (v) application to the defeasance of Series 2025 Special Tax Bonds in accordance with the Fiscal Agent Agreement. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund, as provided for in the Fiscal Agent Agreement, are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Series 2025 Special Tax Bonds when due, the Fiscal Agent shall, one Business Day prior to the corresponding Interest Payment Date, withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, moneys necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Funds held in the Reserve Fund shall be invested in accordance with the terms of the Fiscal Agent Agreement. Any moneys in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn by the Fiscal Agent two (2) Business Days prior to each Interest Payment Date and deposited into the Interest Account of the Bond Fund. The Fiscal Agent shall transfer to the Rebate Fund Excess Investment Earnings from the Reserve Fund earnings upon written direction of the District pursuant to the provisions of the Fiscal Agent Agreement.

Notwithstanding anything in the Fiscal Agent Agreement to the contrary, the Fiscal Agent shall transfer to the Reserve Fund, from available moneys in the Special Tax Fund, the amount needed to restore the Reserve Fund to the Reserve Requirement as specified in the Fiscal Agent Agreement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Fund only if such amounts will not be needed to make the deposit required to be made to the Interest Account and the Principal Account of the Bond Fund or the Sinking Fund Redemption Account of the Redemption Fund for the next Interest Payment Date. See “SECURITY FOR THE BONDS – Reserve Fund” in the Preliminary Official Statement and “**Funds and Accounts** – Special Tax Fund” above for more information.

Redemption Fund. The Redemption Fund is established pursuant to the provisions of the Fiscal Agent Agreement and includes the Sinking Fund Redemption Account, an Optional Redemption Account (as and when necessary) and a Mandatory Redemption Account (as and when necessary). Each of the redemption accounts is used for the temporary retention of moneys allocated to the redemption of Series 2025 Special Tax Bonds corresponding to that account. Moneys in each such account shall be applied solely for such redemption purpose (see “SECURITY FOR THE BONDS – Redemption Fund” and “THE BONDS – Redemption” in the Preliminary Official Statement).

Construction Fund. The Fiscal Agent Agreement establishes the Construction Fund, in which there are established the School Facilities Account and the Costs of Issuance Account. Funds deposited in the Construction Fund, and the accounts thereof, are not pledged to the payment of principal or interest on the Series 2025 Special Tax Bonds.

A portion of the proceeds of the Series 2025 Special Tax Bonds will be deposited in the School Facilities Account and into the Costs of Issuance Account (see “FINANCING PLAN – Estimated Sources and Uses” in the Preliminary Official Statement for further information).

Moneys in the School Facilities Account, together with interest earnings thereon, will be utilized to pay for Project Costs relating to the acquisition and construction of School Facilities as set forth in the Fiscal Agent Agreement (see “INTRODUCTION – General,” and “FINANCING PLAN” in the Preliminary Official Statement for further information).

Upon the Completion Date, funds held in the School Facilities Account of the Construction Fund will be utilized as set out in the Fiscal Agent Agreement and such account shall thereafter be closed by the Fiscal Agent.

Moneys deposited into the Costs of Issuance Account will be expended at the direction of the District for payment of Costs of Issuance as further set forth in the Fiscal Agent Agreement.

Rebate Fund. The Fiscal Agent Agreement provides for the creation of the Rebate Fund when and as required to make arbitrage rebate payments as required under the terms of the Fiscal Agent Agreement and the Tax Certificate in order to comply with the requirements of the Code and the Regulations. Funds deposited into the Rebate Fund are not available to pay principal and interest on the Series 2025 Special Tax Bonds.

Residual Fund. The Residual Fund shall be funded from surplus Special Taxes transferred to the Residual Fund from the Special Tax Fund pursuant to the provisions of the Fiscal Agent Agreement.

Moneys in the Residual Fund may be used by the District for (i) acquisition and/or construction of School Facilities; (ii) at the option of the District, for the optional redemption of any of the Bonds pursuant to the provisions of the Fiscal Agent Agreement; (iii) to fund Administrative Expenses; (iv) to make deposits for related purposes as required under the Tax Certificate for the purposes of paying Excess Investment Earnings as and when such is due in accordance with such Tax Certificate, the Code and the Regulations; or (v) for any lawful purpose as directed by the District.

Moneys on deposit in the Residual Fund are not pledged for payment of principal of, or interest or premium(s) on, the Bonds, and are not subject to any Bondowner's lien.

Moneys in the Residual Fund shall be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits from such investment(s) shall remain therein and be applied in the manner provided in the Fiscal Agent Agreement.

See "SECURITY FOR THE BONDS – Residual Fund" in the Preliminary Official Statement for further information.

Investments. Investment earnings on funds held in the Reserve Fund, if any, in excess of the Reserve Requirement shall be transferred to the Interest Account of the Bond Fund on a semi-annual basis as further described in the Fiscal Agent Agreement. Interest income on other funds and accounts as set out in the Fiscal Agent Agreement will be retained in the account or fund in which it is earned and shall be applied for the purpose for which such account or fund was established except as otherwise specified in the Fiscal Agent Agreement. The Fiscal Agent is required to invest and reinvest all moneys held the accounts and funds established under the Fiscal Agent Agreement (in accordance with written directives from an authorized representative of the District) in Authorized Investments and as specified in the Fiscal Agent Agreement (see "SECURITY FOR THE BONDS – Authorized Investments" in the Preliminary Official Statement for further information).

Redemption of Bonds

The Series 2025 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District on the terms set out in the Fiscal Agent Agreement. The Series 2025 Special Tax Bonds which are Term Bonds shall be redeemed as set out in the Fiscal Agent Agreement. The Series 2025 Special Tax Bonds are subject to redemption prior to maturity from prepayments of Special Taxes as set out in the Fiscal Agent Agreement.

The Fiscal Agent shall select the Series 2025 Special Tax Bonds subject to redemption in accordance with the terms set out in the Fiscal Agent Agreement. See "THE BONDS – Redemption" in the Preliminary Official Statement for further information.

Notice of Redemption. When the Fiscal Agent shall receive written notice from the District of its election to redeem Series 2025 Special Tax Bonds, or when the Fiscal Agent is required to redeem Series 2025 Special Tax Bonds, the Fiscal Agent shall give notice, at the District's expense, in the name of the District of the redemption of such Series 2025 Special Tax Bonds. In such event, the District shall provide the Fiscal Agent with the form of the notice required to be delivered under the Fiscal Agent Agreement and the Fiscal Agent shall not be liable for any defect

in such notice. Such notice shall be provided by the District to the Fiscal Agent at least five Business Days prior to the desired date(s) for provision of such notice by the Fiscal Agent as set out in the Fiscal Agent Agreement. Such notice of redemption shall: (a) specify the CUSIP® numbers and serial numbers of the Series 2025 Special Tax Bonds selected for redemption, except that where all the Series 2025 Special Tax Bonds or all Series 2025 Special Tax Bonds of a single maturity are subject to redemption, the serial numbers thereof need not be specified; (b) state the original issue date, the interest rate and the maturity date of the Series 2025 Special Tax Bond selected for redemption; (c) state the date fixed for redemption; (d) state the redemption price; (e) state the place or places where the Series 2025 Special Tax Bonds are to be redeemed; and (f) in the case of Series 2025 Special Tax Bonds to be redeemed only in part, state the portion of such Series 2025 Special Tax Bond which is to be redeemed. Such notice shall further state that, on the date fixed for redemption, there shall become due and payable on each Series 2025 Special Tax Bond or portion thereof called for redemption the principal thereof, together with any premium, and interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue and be payable.

At least 20 days but no more than 60 days prior to the redemption date, the Fiscal Agent shall mail by first-class mail a copy of such notice, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Series 2025 Special Tax Bond of notice of such redemption shall not be a condition precedent thereto, and neither failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 2025 Special Tax Bond, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as provided in the Fiscal Agent Agreement shall be conclusive as against all parties, and it shall not be open to any Owner to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, notice of redemption shall also be given by the Fiscal Agent to the Information Services and Securities Depositories as set out below, but no defect in such notice nor any failure to give all or any portion of such notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

(1) Each notice of redemption given under the Fiscal Agent Agreement shall contain the information required above for an official notice of redemption plus (i) the date of issue of the Series 2025 Special Tax Bonds as originally issued; (ii) the rate of interest borne by each Series 2025 Special Tax Bond being redeemed; and (iii) any other descriptive information needed to identify accurately the Series 2025 Special Tax Bonds being redeemed.

(2) Each such notice of redemption shall be sent at least 20 days before the designated redemption date to the Securities Depositories at such address as shall then be in effect, and to the Information Services, at such address as shall then be in effect.

Upon the payment of the redemption price of any Series 2025 Special Tax Bonds being redeemed, each check or other transfer of funds issued to a registered securities depository for such purpose shall bear the registration number identifying, by issue and maturity, or otherwise be identified to the satisfaction of such Securities Depository and the Fiscal Agent, the Series 2025 Special Tax Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Series 2025 Special Tax Bonds. Upon surrender of any Series 2025 Special Tax Bond to be redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Series 2025 Special Tax Bond or Series 2025 Special Tax Bonds of authorized denominations equal in

aggregate principal amount and maturity to the unredeemed portion of the Series 2025 Special Tax Bond surrendered.

Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in the Fiscal Agent Agreement, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (1) the Series 2025 Special Tax Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Fiscal Agent Agreement, anything in the Fiscal Agent Agreement, or in the Series 2025 Special Tax Bonds, to the contrary notwithstanding; (2) upon presentation and surrender thereof at the Principal Corporate Trust Office of the Fiscal Agent, or such other location as may be designated by the Fiscal Agent, such Series 2025 Special Tax Bond shall be redeemed at the said redemption price; (3) from and after the redemption date, the Series 2025 Special Tax Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Series 2025 Special Tax Bonds or portions thereof shall cease to bear further interest; and (4) from and after the date fixed for redemption, no Owner of any of the Series 2025 Special Tax Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of the Fiscal Agent Agreement, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Contingent Redemption; Rescission of Redemption. Series 2025 Special Tax Bonds designated for such redemption on the specified date will be subject to the receipt by the District and/or the Fiscal Agent, as applicable, of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the District nor the Fiscal Agent will have any liability to the Owners of any Series 2025 Special Tax Bonds, or any other party, as a result of the District's failure to redeem the Series 2025 Special Tax Bonds designated for redemption as a result of insufficient moneys therefor.

Any notice of optional or special mandatory redemption under the Fiscal Agent Agreement may be cancelled and annulled if for any reason funds are not, or will not be, available on the date fixed for redemption for the payment in full of the Series 2025 Special Tax Bonds then called for redemption. Such cancellation and annulment is not a default under the Fiscal Agent Agreement. The District will not have any liability to the Bondowners, or any other party, as a result of the District's failure to redeem any of the Series 2025 Special Tax Bond designated for redemption as a result of insufficient moneys therefor.

Additionally, the District may rescind any optional redemption of the Series 2025 Special Tax Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Series 2025 Special Tax Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Series 2025 Special Tax Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. Neither the District nor the Fiscal Agent will have any liability to the Owners of any Series 2025 Special Tax Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Series 2025 Special Tax Bonds pursuant to the terms of the Fiscal Agent Agreement.

Covenants

So long as any of the Series 2025 Special Tax Bonds issued under the Fiscal Agent Agreement are Outstanding and unpaid, the District has made the following covenants with the Owners, under the provisions of the Act and the Fiscal Agent Agreement and all Supplements (to be performed by the District or its authorized officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Series 2025 Special Tax Bonds; provided, however, that such covenants do not require the District to expend any funds or moneys other than the Net Taxes or any moneys deposited in the funds and accounts created under the terms of the Fiscal Agent Agreement and legally available therefor.

Covenant 1. Punctual Payment. The District will duly and punctually pay, or cause to be paid, the principal of and interest on every Series 2025 Special Tax Bond issued under the Fiscal Agent Agreement, together with the premium thereon, if any be payable, on the date, at the place and in the manner mentioned in the Series 2025 Special Tax Bonds and in accordance with the Fiscal Agent Agreement and any Supplement to the extent Net Taxes are available therefor, and that the payments into the Bond Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Series 2025 Special Tax Bonds and the Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and any Supplement and of the Series 2025 Special Tax Bonds issued under the Fiscal Agent Agreement, and that time of such payment and performance is of the essence of the District's contract with the Bondowners.

Covenant 2. Levy and Collection of Special Taxes. Subject to the maximum Special Tax rates, the District will comply with all requirements of the Act so as to assure the timely collection of the Special Taxes, including, without limitation, the enforcement of delinquent Special Taxes.

On or before each June 1, commencing June 1, 2026, the Fiscal Agent shall provide a written notice to the District stating the amounts then on deposit in the various funds and accounts established by the Fiscal Agent Agreement as well as fees of the Fiscal Agent coming due during the next Fiscal Year. The receipt of such notice by the District shall in no way affect the obligations of the District under the following paragraphs. Upon receipt of a copy of such notice, the District shall communicate with the San Diego County Treasurer-Tax Collector or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then-current year.

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

The District shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year including any necessary replenishment to, or expenditure from, the Reserve Fund, an amount equal to the Administrative Expense Requirement, reasonably anticipated delinquent Special Taxes (to the extent permitted under the Rate and Method) and any additional

amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes.

Notwithstanding the provisions of Covenant 2, or elsewhere in the Fiscal Agent Agreement, the District reserves the right under the terms of the Fiscal Agent Agreement to levy the Special Taxes at a rate below the Maximum Special Tax rate (as defined in the Rate and Method) within a given Fiscal Year so long as the minimum Special Taxes to be collected in such Fiscal Year shall conform to the requirements set out in Covenant 5, which shall be certified to, in writing, by an Independent Financial Consultant.

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

In order to determine if there are delinquencies with respect to the payment of the Special Taxes, no later than March 1 and August 1 in each year ("reconciliation date") commencing March 1, 2026, the District shall reconcile or cause to be reconciled the amount of Special Taxes levied to the amount of Special Taxes actually theretofore reported by the County as paid and received.

The fees and expenses of the Independent Financial Consultant retained by the District to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreement and any reconciliation of amounts levied to amounts received, as well as the costs and expenses of the District (including a charge for District staff time) in conducting its duties under the Fiscal Agent Agreement, shall be an Administrative Expense under the Fiscal Agent Agreement.

See "SECURITY FOR THE BONDS – Special Taxes," " – Rate and Method of Apportionment of Special Tax" and "SPECIAL RISK FACTORS" in the Preliminary Official Statement for further information.

Covenant 3. Commence Foreclosure Proceedings. Not later than August 1 of each Fiscal Year, the District will compare the amount of Special Taxes theretofore levied in the prior Fiscal Year to the amount of Special Taxes theretofore reported by the County as paid and received, and:

(A) Individual Delinquencies. If the District determines that (i) any single parcel within the District is delinquent in the payment of five (5) or more installments of the Special Taxes or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of \$10,000 or more, then the District shall send, or cause to be sent, a notice of delinquency (and a demand for immediate payment thereof) to the property owner within forty-five (45) days of such August 1 determination, and (if the delinquency remains uncured) the District shall take action to authorize the commencement of foreclosure proceedings within ninety (90) days of such August 1 determination, to the extent permissible under applicable law, and shall thereafter diligently prosecute such proceedings in Superior Court to the extent permitted by law.

(B) Aggregate Delinquencies. If the District determines that the total amount of delinquent Special Taxes for the current Fiscal Year as it relates to the March 1 determination or for the prior Fiscal Year as it relates to the August 1 determination

for the District (including the total of delinquencies under paragraph (A) above) exceeds five percent (5%) of the total Special Taxes due and payable for the applicable Fiscal Year, the District shall notify, or cause to be notified, all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within forty-five (45) days of such determination, and (to the extent such delinquencies remain uncured) the District shall take action to authorize the commencement of foreclosure proceedings within ninety (90) days of such August 1 determination against each parcel of land within the District with a Special Tax delinquency to the extent permissible under applicable law and shall thereafter diligently proceed with such foreclosure action(s) and/or proceedings in Superior Court to the extent permitted by law.

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

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

The net proceeds received following a judicial foreclosure sale of land within the District resulting from a property owner's failure to pay the Special Taxes when due are included within the Net Tax revenues pledged to the payment of principal of and interest on the Series 2025 Special Tax Bonds under the Fiscal Agent Agreement.

The District reserves the right to elect to accept payment from a property owner of at least the enrolled amount of the Special Taxes for a parcel(s) but less than the full amount of the penalties, interest, costs and attorneys' fees related to the Special Tax delinquency for such parcel(s). The Bondowners are deemed to have consented to the foregoing reserved right of the District, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the Fiscal Agent Agreement to the contrary. The Bondowners, by their acceptance of the Series 2025 Special Tax Bonds, consent to such payment for such lesser amounts.

Further, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the Fiscal Agent Agreement to the contrary, in connection with any judicial foreclosure proceeding related to delinquent Special Taxes:

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

(ii) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act, if it determines that such sale is in the interest of the Bondowners. **The Bondowners, by their acceptance of the Series 2025 Special Tax Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the District and the School District, and their respective officers and agents, from any liability in connection therewith.** If such sale for lesser amounts would result in less than full payment of principal of and interest on the Series 2025 Special Tax Bonds, the District will use its best efforts to seek approval of the Bondowners.

The Board has specifically delegated to the School District's Assistant Superintendent, Business Services, Executive Director, Finance, or their respective designee(s), all necessary authority in order to:

(a) pursue collection of all such Special Taxes pursuant to the provisions of such Covenant 3 and the terms and conditions of the Fiscal Agent Agreement;

(b) contract for such services as necessary for collection of such Special Taxes, including, but not limited to, legal services for any applicable foreclosure proceedings, the cost thereof to be borne by the District (subject to Board ratification of any expenditures which are not drawn from the Administrative Expense Fund) and the property owners that have failed to timely pay such Special Taxes, including all costs, interest, and penalties consistent with applicable law;

(c) file, or authorize to be filed, actions up to and including legal action(s) necessary to collect any delinquent Special Taxes including foreclosure of any lien securing such Special Taxes;

(d) that as provided by the Act, authorize the payment of the costs and attorneys' fees for prosecution of such litigation as is authorized on behalf of the District on redemption prior to entry of judgment as well as on post-judgment redemption, and by the Fiscal Agent Agreement the District authorizes such counsel retained by the District to require payment on the District's behalf of all costs and all attorneys' fees incurred in applicable litigation as a condition of such redemption; and/or

(e) in conjunction with counsel retained by the District, and other District consultants, authorize, pursuant to Government Code Section 53356.2: (i) the recording of notices of intent to remove the delinquent Special Taxes from the tax rolls, and (ii) requests that the applicable County of San Diego officials remove current and future delinquent Special Taxes from the tax rolls.

All actions undertaken by the Assistant Superintendent, Business Services, and Executive Director, Finance, or their respective designees, pursuant to the provisions of such Covenant shall be reported to the Board on a regular basis and are subject to the authority of the Board to subsequently direct different or alternative action(s) in such regard.

The District is expressly authorized by the Fiscal Agent Agreement to include costs and attorneys' fees related to foreclosure of delinquent Special Taxes as Administrative Expenses under the Fiscal Agent Agreement.

See “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” and “SPECIAL RISK FACTORS” in the Preliminary Official Statement for further information.

Covenant 4. Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Net Taxes or other amounts pledged to the Bonds superior to, or on a parity with, the pledge and lien created for the benefit of the Bonds in the Fiscal Agent Agreement, except as permitted by the Fiscal Agent Agreement and as to bonds issued to fully or partially refund the Bonds.

Covenant 5. Modification of Maximum Authorized Special Tax. The District covenants that no modification of the maximum authorized Special Taxes applicable to the District shall be approved by the District which would prohibit the District from levying the Special Tax on Developed Property within the District in any Fiscal Year at such a rate as could generate Special Taxes within the District in each Fiscal Year at least equal to 110% of Annual Debt Service plus estimated annual Administrative Expenses.

The District further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the maximum authorized Special Taxes, it will, to the extent of available District funds therefore, commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

Covenant 6. Protection of Security and Rights of Owners. The District will preserve and protect the security of the District and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all Persons. From and after the delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.

Covenant 7. Compliance with Law, Completion of Project. The District will comply with all applicable provisions of the Act and law in completing the acquisition and construction of the Project; provided, that the District shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefore in the School Facilities Account of the Construction Fund or other facilities account(s) of the Construction Fund as may be established.

Covenant 8. Books and Accounts. The District will keep, or cause to be kept, proper books of records and accounts, separate from all other records and accounts of the Series 2025 Special Tax Bonds, in which complete and correct entries shall be made of all transactions relating to the Series 2025 Special Tax Bonds and the Project, the levy of the Special Tax within the District and the deposits to the Special Tax Fund including the Prepayment Account. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Series 2025 Special Tax Bonds then Outstanding or their representatives authorized in writing.

Covenant 9. Tax Covenant. The District covenants and represents by the Fiscal Agent Agreement that until the last Bonds shall have been fully paid or redeemed, the District will comply with all requirements of the Tax Certificate, the Code and all applicable Regulations, such that the interest on the Series 2025 Special Tax Bonds will remain excluded from gross income for federal income tax purposes.

Covenant 10. Additional Tax Covenants. Covenant 10, as fully set forth in the Fiscal Agent Agreement, provides for additional covenants of the District in order to preserve and protect the federal tax-exempt status of the Series 2025 Special Tax Bonds.

Covenant 11. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the obligations and covenants under the Fiscal Agent Agreement and any Supplement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement and in any Supplement.

Covenant 12. Additional Opinion(s). The District will not make any change in requirements or procedures or take any action, as to which change or action the Fiscal Agent Agreement or related documents require an opinion of nationally recognized Bond Counsel, unless it obtains an opinion of Bond Counsel to the effect that (a) interest on the Series 2025 Special Tax Bonds was excluded from gross income for federal income tax purposes from their date of issuance until the date of such change, assuming compliance with the covenants in the Fiscal Agent Agreement as they were in effect prior to the change (except that such opinion need not be given as to any interest for which a similar opinion has previously been given and remains in effect subsequent to such change), and (b) assuming continued compliance by the District with the covenants as changed, interest on the Series 2025 Special Tax Bonds is excluded from gross income for purposes of federal income taxation.

Covenant 13. Tender of Series 2025 Special Tax Bonds. The District will not, in collecting the Special Taxes within the District or in processing any such judicial foreclosure proceedings, exercise any authority which it has pursuant to Sections 53340, 53344.1, 53344.2, 53356.1 and 53356.5 of the California Government Code in any manner which would be inconsistent with the interests of the Owners and, in particular, will not permit the tender of Series 2025 Special Tax Bonds in full or partial payment of Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Series 2025 Special Tax Bonds remaining Outstanding following such tender.

Covenant 14. Additional Special Tax Bonds or Obligations. The District shall not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes except: (i) bonds issued to fully or partially refund the Outstanding Series 2025 Special Tax Bonds; and (ii) subordinate bonds, notes or other similar evidences of indebtedness (see "SECURITY FOR THE BONDS – No Additional Parity Bonds Except for Refunding" in the Preliminary Official Statement).

Covenant 15. Annual Reports.

(a) Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2026, and until the October 30 following the final maturity of the Bonds, the District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act, as such may be amended from time to time. Such information shall be made available to any Owner upon written request to the District accompanied by a fee determined by the District to pay the costs of the District in connection therewith. The District shall in no event be liable to any Owner or any other Person or entity in connection with any error or omission in any such information.

(b) If at any time the Fiscal Agent fails to pay principal or interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal or interest on the Bonds, such that the amount(s) in the Reserve Fund are reduced below the Reserve Requirement, the Fiscal Agent shall notify the District in writing of such failure or withdrawal, and the District shall notify the California Debt and Investment Advisory Commission

of such failure or withdrawal within 10 days of the failure to make such payment or the date of such withdrawal.

(c) The reporting requirements of such Covenant 15 shall be amended from time to time, without action by the District or the Fiscal Agent, to reflect any future amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. The District shall provide the Fiscal Agent with a copy of any such amendment. Delivery of such reports, information and documents to the Fiscal Agent is for informational purposes only and the Fiscal Agent's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the District's compliance with any of its covenants under the Fiscal Agent Agreement (as to which the Fiscal Agent is entitled to rely exclusively on written directives from the District). Notwithstanding the foregoing, any such amendment shall not, in itself, affect the District's obligations under any continuing disclosure documentation relating to the Bonds.

(d) The District shall cause annual reports to be filed in conformance with the requirements of Government Code Section 8855(k).

(e) None of the District, its officers, agents, employees or Authorized Representatives, or the Fiscal Agent, shall be liable to any Person or party for any inadvertent error in reporting the information contained in such Covenant 15.

Continuing Disclosure Covenant. The District has covenanted and agreed in the Fiscal Agent Agreement that it will comply with and carry out all of its obligations under the District Continuing Disclosure Certificate. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the District to comply with its obligations under the District Continuing Disclosure Certificate shall not be considered an event of default under the Fiscal Agent Agreement, and the sole remedy, in the event of any failure of the District to comply with the District Continuing Disclosure Certificate, shall be an action to compel performance thereof. The Fiscal Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2025 Special Tax Bonds, shall upon the receipt of reasonable indemnity for its fees and costs), or any Bondowner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Covenant. For purposes of the Continuing Disclosure Covenant, "Beneficial Owners" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Special Tax Bonds (including Persons holding Series 2025 Special Tax Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2025 Special Tax Bonds for federal income tax purposes.

See "INTRODUCTION – Continuing Disclosure" and "CONTINUING DISCLOSURE" in the Preliminary Official Statement for further information.

Amendments to Fiscal Agent Agreement

The District may from time to time, and at any time, without notice to, or consent of, any of the Owners, adopt Supplements to the Fiscal Agent Agreement for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision in the Fiscal Agent Agreement which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the Fiscal Agent Agreement, or in any

Supplement, provided that such action shall not have a material adverse effect on the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Fiscal Agent Agreement which are not contrary to or inconsistent with the Fiscal Agent Agreement as theretofore in effect; or

(c) to modify, alter, amend or supplement the Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners, including, but not limited to, providing for the rating (if any) or insuring (if any) of the Series 2025 Special Tax Bonds.

Exclusive of amendments supplemental to the Fiscal Agent Agreement covered by (a), above, the Owners of not less than 60% in aggregate principal amount of the Series 2025 Special Tax Bonds then Outstanding shall have the right to consent to and approve the adoption by the District of such amendments or orders supplemental to the Fiscal Agent Agreement as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Fiscal Agent Agreement; provided, however, that nothing in the Fiscal Agent Agreement shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Series 2025 Special Tax Bonds, (b) a reduction in the principal amount of, or redemption premium on, any Series 2025 Special Tax Bonds or the rate of interest thereon, (c) a preference or priority of any Series 2025 Special Tax Bonds over any other Series 2025 Special Tax Bonds, or (d) a reduction in the aggregate principal amount of the Series 2025 Special Tax Bonds the Owners of which are required to consent to such Supplement, without, in the case of (a) or (b), the consent of the affected Owner, or, in the case of (c) or (d), the consent of the Owners of all Series 2025 Special Tax Bonds then Outstanding.

Supplements Requiring Owner Consent. If at any time the District shall desire to adopt a Supplement to the Fiscal Agent Agreement which, pursuant to the terms of the Fiscal Agent Agreement, shall require the consent of the Owners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplement to be mailed, postage prepaid, to all Owners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that a copy thereof is on file at the Principal Corporate Trust Office for inspection by all Owners. The failure of any Owner to receive such notice shall not affect the validity of such Supplement when consented to and approved as provided in the Fiscal Agent Agreement. Whenever at any time within one year after the date of the first mailing of such notice the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Series 2025 Special Tax Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplement described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy thereof referred to in such notice as on file with the Fiscal Agent, such proposed Supplement, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Series 2025 Special Tax Bonds as referred to in the Fiscal Agent Agreement. In determining whether the Owners of 60% of the aggregate principal amount of the Series 2025 Special Tax Bonds have consented to the adoption of any Supplement, Series 2025 Special Tax Bonds which are known to the Fiscal Agent to be owned by the District or by any Person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplement to the Fiscal Agent Agreement and the receipt of consent to any such amendment from the Owners of the appropriate aggregate principal amount of Bonds in instances where such consent is required pursuant to the provisions of the Fiscal Agent Agreement, the Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Fiscal Agent Agreement of the District and all Owners of Series 2025 Special Tax Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Fiscal Agent Agreement, subject in all respects to such modifications and amendments. Notwithstanding anything in the Fiscal Agent Agreement to the contrary, no Supplement shall be entered into which would modify the duties of the Fiscal Agent under the Fiscal Agent Agreement without the prior written consent of the Fiscal Agent.

Fiscal Agent

The Fiscal Agent is appointed and takes authorized actions under the terms of the Fiscal Agent Agreement. The initial Fiscal Agent may be removed or replaced by the District upon 30 days' prior written notice (except during the continuance of an event of default, as further discussed below) or may resign in favor of a successor Fiscal Agent. The Fiscal Agent Agreement provides for certain minimum qualifications of the Fiscal Agent and provides for notice and procedures in the event a successor Fiscal Agent is required or appointed.

The duties of the Fiscal Agent are specified within the Fiscal Agent Agreement and include mailing interest payments to the Owners, selecting Series 2025 Special Tax Bonds for redemption pursuant to the terms of the Fiscal Agent Agreement, giving notice of redemption and meetings of the Owners, maintaining the Bond Register and maintaining and administering the funds and accounts established pursuant to the Fiscal Agent Agreement. The Fiscal Agent also performs all other acts authorized or directed of the Fiscal Agent pursuant to the terms of the Fiscal Agent Agreement.

The Fiscal Agent Agreement provides that the recitals of fact and all promises, covenants and agreements contained therein and in the Series 2025 Special Tax Bonds are to be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Fiscal Agent Agreement or the Series 2025 Special Tax Bonds. The Fiscal Agent Agreement provides for certain protections from liability of the Fiscal Agent except for its own negligence or willful misconduct, as further specified in the Fiscal Agent Agreement. Included as part of such protections, the Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request, order or direction of any of the Owners pursuant to the provisions of the Fiscal Agent Agreement unless such Owners shall have offered to the Fiscal Agent security or indemnity acceptable to the Fiscal Agent against any and all costs, claims, expenses, and liabilities which may be incurred therein or thereby.

See "THE BONDS – The Fiscal Agent" in the Preliminary Official Statement for further information.

Events of Default; Remedies; Limitations

Events of Default. Any one or more of the following events shall constitute an “event of default”:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Series 2025 Special Tax Bond when and as the same shall become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(b) Default in the due and punctual payment of the interest on any Series 2025 Special Tax Bond when and as the same shall become due and payable; or

(c) Default by the District in the observance of any of the other agreements, conditions or covenants on its part contained in the Fiscal Agent Agreement or in the Series 2025 Special Tax Bonds, and the continuation of such default for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent, provided that if within 30 days the District has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated; and provided further, that any noncompliance with the terms of the Continuing Disclosure Covenant, identified in the Fiscal Agent Agreement, shall not be an event of default under the terms of the Fiscal Agent Agreement and is limited to the remedies specifically identified therein (see “CONTINUING DISCLOSURE” in the Preliminary Official Statement for further information).

Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Fiscal Agent Agreement;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) Upon the happening of an event of default (as defined in the Fiscal Agent Agreement), by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in the Fiscal Agent Agreement, or in the Series 2025 Special Tax Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Series 2025 Special Tax Bonds to the respective Owners of the Series 2025 Special Tax Bonds at the respective dates of maturity, as provided in the Fiscal Agent Agreement, out of the Net Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Series 2025 Special Tax Bonds and in the Fiscal Agent Agreement.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver

of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by the Fiscal Agent Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy conferred through the Fiscal Agent Agreement upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Fiscal Agent Agreement or now or thereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

It is intended that no one or more Owner(s) of Series 2025 Special Tax Bonds shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Fiscal Agent Agreement or the rights of any other Owners of Series 2025 Special Tax Bonds, or to enforce any right under the Series 2025 Special Tax Bonds, the Fiscal Agent Agreement, the Act or other applicable law with respect to the Series 2025 Special Tax Bonds (it being understood that the Fiscal Agent does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners), except in the manner provided in the Fiscal Agent Agreement, and that all proceedings at law or in equity to enforce any such right(s) shall be instituted, had and maintained in the manner provided in the Fiscal Agent Agreement and for the benefit and protection of all Owners of the Outstanding Series 2025 Special Tax Bonds.

Application of Net Special Tax Revenues after Default. If an Event of Default shall occur and be continuing, all Net Taxes and any other funds thereafter received by the Fiscal Agent under any of the provisions of the Fiscal Agent Agreement shall be applied by the Fiscal Agent as follows and in the following order:

(a) To the payment of any expenses necessary in the reasonable judgment of the Fiscal Agent to protect the interests of the Owners of the Series 2025 Special Tax Bonds and payment of reasonable fees, charges and expenses of the Fiscal Agent (including reasonable fees, expenses and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Fiscal Agent Agreement;

(b) To the payment of the principal of and interest then due with respect to the Series 2025 Special Tax Bonds (upon presentation of the Series 2025 Special Tax Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Fiscal Agent Agreement, as follows:

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

Second: To the payment to the Owners entitled thereto of the unpaid principal of any Series 2025 Special Tax Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Series 2025 Special Tax Bonds on the date of maturity or redemption, and,

if the amount available shall not be sufficient to pay in full all the Series 2025 Special Tax Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Owners entitled thereto, without any discrimination or preference.

Any remaining funds shall be transferred by the Fiscal Agent to the Special Tax Fund.

No Acceleration. The Series 2025 Special Tax Bonds are not subject to acceleration in payment of interest or principal prior to maturity (see “SPECIAL RISK FACTORS – No Acceleration Provision” in the Preliminary Official Statement for further information).

Limitation on Bondowners’ Right to Sue. No Owner of any Series 2025 Special Tax Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Fiscal Agent Agreement, the Act or any other applicable law with respect to such Series 2025 Special Tax Bonds, unless (a) such Owner shall have given to the Fiscal Agent written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Series 2025 Special Tax Bonds then Outstanding shall have made written request upon the Fiscal Agent to exercise the powers granted by the Fiscal Agent Agreement or to institute such suit, action or proceeding in its own name, (c) such Owner or such Owners shall have tendered to the Fiscal Agent security or indemnity acceptable to the Fiscal Agent against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Fiscal Agent shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and such tender of indemnity shall have been made to, the Fiscal Agent.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of the Series 2025 Special Tax Bonds of any remedy under the Fiscal Agent Agreement or under law; it being understood and intended that no one or more Owners of the Series 2025 Special Tax Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Fiscal Agent Agreement or the rights of any other Owners of the Series 2025 Special Tax Bonds, or to enforce any right under the Series 2025 Special Tax Bonds, the Fiscal Agent Agreement, the Act or other applicable law with respect to the Series 2025 Special Tax Bonds, except in the manner provided in the Fiscal Agent Agreement, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided the Fiscal Agent Agreement and for the benefit and protection of all Owners of the Outstanding Series 2025 Special Tax Bonds, subject to the provisions of the Fiscal Agent Agreement.

See “SPECIAL RISK FACTORS – Limitations on Remedies” in the Preliminary Official Statement for further information.

Defeasance

If all or a specified portion of the Series 2025 Special Tax Bonds shall be paid and discharged under the terms of the Fiscal Agent Agreement in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest due on such Series 2025 Special Tax Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, or a designated bank or trust company as escrow holder, in an irrevocable escrow, at or before maturity, money which, together with the

amounts then on deposit in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund and available for such purpose, is fully sufficient to pay the principal of and interest on such Series 2025 Special Tax Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or a designated bank or trust company as escrow holder, in an irrevocable escrow, Federal Securities, in which the District may lawfully invest its money, in such amount as certified by a nationally recognized certified public accountant which will, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund available for such purpose, together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of and interest and any premium on such Series 2025 Special Tax Bond as and when the same shall become due and payable; then, notwithstanding that any such Series 2025 Special Tax Bond shall not have been surrendered for payment, all obligations of the District under the Fiscal Agent Agreement, and any Supplement, with respect to such Series 2025 Special Tax Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Series 2025 Special Tax Bonds not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in the Fiscal Agent Agreement.

In connection with a defeasance under (b) or (c) above, there shall be provided to the District and the Fiscal Agent a certificate of a certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent, or the designated escrow holder, to pay and discharge the principal of, premium, if any, and interest on the Outstanding Bonds to be defeased in accordance with the Fiscal Agent Agreement, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Series 2025 Special Tax Bonds being defeased have been legally defeased in accordance with the Fiscal Agent Agreement. Upon such a defeasance, the Fiscal Agent shall release the rights of the Owners of such Series 2025 Special Tax Bonds which have been defeased under the Fiscal Agent Agreement and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Fiscal Agent Agreement of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the District any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Series 2025 Special Tax Bonds when due or the fees and expenses of the Fiscal Agent. The Fiscal Agent shall, at the written direction and expense of the District, mail, first-class, postage prepaid, a notice to the Owners whose Series 2025 Special Tax Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Miscellaneous

Execution of Documents and Proof of Ownership. (a) Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Fiscal Agent Agreement to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any commercial bank, trust company or other depository for such Series 2025 Special Tax Bond. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of such Bond shall be sufficient for the purposes of the Fiscal Agent Agreement (except as otherwise provided therein), if made in the following manner:

(a) The fact and date of the execution by any Owner or their attorney of any such instrument and of any instrument appointing any such attorney may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of this authority; provided, however, that nothing contained in the Fiscal Agent Agreement shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters stated in the Fiscal Agent Agreement which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Series 2025 Special Tax Bond in respect to anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent; and

(b) As to any Series 2025 Special Tax Bond, the Person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Series 2025 Special Tax Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Special Tax Bond and the interest thereon to the extent of the sum or sums so paid. The Fiscal Agent shall not be affected by any notice to the contrary.

Provisions Constitute Contract. The provisions of the Fiscal Agent Agreement, including any Supplements thereto, and the Series 2025 Special Tax Bonds shall constitute a contract between the District and the Owners ("Contract") and the provisions of the Fiscal Agent Agreement and the Series 2025 Special Tax Bonds shall be enforceable by any Owner for the equal benefit and protection of all Owners similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may later be authorized under the laws of the State in any court of competent jurisdiction. The Contract is made under and is to be construed in accordance with the laws of the State.

No remedy conferred by the Fiscal Agent Agreement upon any Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law of the State. No waiver of any default or breach of duty or contract by any Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Owner shall prevail, said Owner shall be entitled to receive from the Net Taxes reimbursement for reasonable costs, expenses, outlays and attorneys' fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Owners then, and in every such case, the District's positions, rights and remedies shall be construed in a manner as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, the Fiscal Agent Agreement shall not be subject to repeal, but shall be subject to modification to the extent and in the manner provided in the Fiscal Agent Agreement, but to no greater extent and in no other manner.

Limitation of Rights. Nothing in the Fiscal Agent Agreement or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Fiscal Agent, the District and the Bondowners any legal or equitable right, remedy or claim under or in respect to the Fiscal Agent Agreement or any covenant, condition or provision therein or contained in the Fiscal Agent Agreement, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Fiscal Agent, the District and the Bondowners.

Payment on Non-Business Days. In the event any payment is required to be made under the Fiscal Agent Agreement on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

APPENDIX E

GENERAL INFORMATION ABOUT THE CITIES OF SAN MARCOS AND VISTA AND THE COUNTY OF SAN DIEGO

The following information is included only for the purpose of supplying general information regarding the Cities and the County. This information is provided only for general informational purposes, and provides prospective investors limited information about this region and its economic base. The Bonds are not a debt of the Cities, the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

The economic and demographic data contained in this Appendix are generally as of dates and for periods before the economic impacts of the COVID-19 pandemic and the measures instituted in response thereto. Accordingly, they are not necessarily indicative of the current financial condition or future economic prospects in the general area of the Community Facilities District.

The County. The County of San Diego (the “**County**”) is the southern-most county in California. The County covers an area of approximately 4,280 square miles, about the size of the state of Connecticut. The County is bordered by the Pacific Ocean to the west, Orange and Riverside Counties to the north, Imperial County to the east, and the State of Baja California, Mexico to the south. The County includes 70 miles of the Pacific Ocean coastline, the Anza-Borrego Desert, which forms the eastern third of the county, the Laguna Mountains, the San Diego Bay, one of the world’s largest natural deep-water harbors, and the San Diego International Airport.

The County possesses a diverse economic base consisting of electronics manufacturing and shipbuilding, tourism, biotech and software development, and defense-related industries. The County is also growing as a center for culture and education. Over 30 recognized art organizations including the San Diego Opera, the Old Globe Theater productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in the County.

The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, and as amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

The Cities. The Cities of Vista and San Marcos (the “**Cities**”) are located in the foothills of the northern San Diego County region and is bordered by Escondido to the east, Encinitas to the southwest, Carlsbad to the west. From miles of trails in the local hills, to unique dining and shopping opportunities in its retail centers, the Cities have all the ingredients that make living enjoyable. Just a 35-mile drive south takes you to downtown San Diego, while a short jaunt west takes you to the majestic shores of the Pacific Ocean. Home to Palomar College and California State University San Marcos, the City of San Marcos has also become the heart of education in San Diego North. In addition to its rich recreational and cultural programs for children, teens, adults and seniors, the City of San Marcos has constructed 60 miles of trails, 29 new parks and 11 recreation centers over the past 25 years.

Population

The following sets forth the Cities, the County and the State population estimates as of January 1, 2025 for the years 2020 to 2024:

CITY OF SAN MARCOS, CITY OF VISTA SAN DIEGO COUNTY AND STATE OF CALIFORNIA Estimated Population

Year (January 1)	City of San Marcos	City of Vista	San Diego County	State of California
2020 ⁽¹⁾	94,287	98,690	3,298,634	39,538,223
2021	93,561	99,752	3,289,937	39,369,530
2022	94,286	100,650	3,283,556	39,179,680
2023	95,514	101,121	3,300,587	39,228,444
2024	97,261	101,740	3,315,362	39,420,663
2025	97,123	101,599	3,330,139	39,529,101

(1) As of April 1, 2020.

(2) Source: State of California Department of Finance, Demographic Research Unit.

Commercial Activity

A summary of historic taxable sales within the City of San Marcos, the City of Vista and the County of San Diego during the past five years in which data is available is shown in the following table.

Total taxable sales during calendar year 2024 in the City of San Marcos were reported to be \$1,725,283,820 a 3.40% decrease over the total taxable sales of \$1,785,965,872 reported during calendar year 2023.

CITY OF SAN MARCOS
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Taxable transactions in thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,531	\$1,049,413	2,944	\$1,360,537
2021	1,375	1,298,244	2,670	1,665,186
2022	1,451	1,411,918	2,739	1,815,353
2023	1,386	1,388,093	2,710	1,785,966
2024	1,426	1,335,006	2,762	1,725,284

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2024 in the City of Vista were reported to be \$1,816,032,842, an 3.85% decrease over the total taxable sales of \$1,888,731,731 reported during calendar year 2023.

CITY OF VISTA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Taxable transactions in thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,635	1,111,497	3,151	1,508,097
2021	1,508	1,373,713	2,903	1,789,361
2022	1,545	1,502,058	2,994	1,947,964
2023	1,484	1,431,383	2,917	1,888,732
2024	1,493	1,385,203	2,919	1,816,033

Source: State Department of Tax and Fee Administration

Total taxable sales during calendar year 2024 in the County were reported to be \$80,443,547,094, a 0.46% decrease from the total taxable sales of \$80,817,754,488 reported during calendar year 2023.

SAN DIEGO COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	62,897	\$40,893,921	109,428	\$58,814,528
2021	55,683	48,817,135	98,392	71,714,655
2022	56,988	55,405,594	101,259	80,699,961
2023	55,609	55,099,628	99,265	80,817,754
2024	56,094	55,090,217	100,138	80,443,547

Source: State Department of Tax and Fee Administration.

Industry and Employment

The District is included in the San Diego-Carlsbad Metropolitan Statistical Area (“**MSA**”), which includes all of the County.

The unemployment rate in the County was 4.2% in March 2025, down from a revised 4.4% in February 2025, and above the year-ago estimate of 4.1%. This compares with an unadjusted unemployment rate of 5.3% for California and 4.2% for the nation during the same period.

Set forth below is data from 2020 through 2024, reflecting the County's civilian labor force, employment, unemployment and unemployment rates.

SAN DIEGO-CARLSBAD MSA (San Diego County) Annual Average Labor Force, Employment and Unemployment, Unemployment by Industry (March 2024 Benchmark)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Civilian Labor Force ⁽¹⁾	1,569,600	1,571,300	1,609,800	1,636,700	1,648,500
Employment	1,425,300	1,471,300	1,554,700	1,575,700	1,577,300
Unemployment	144,300	100,000	55,100	61,000	71,200
Unemployment Rate	9.2%	6.4%	3.4%	3.7%	4.3%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	9,200	9,000	9,600	9,400	9,000
Mining and Logging	300	300	400	300	300
Construction	81,300	83,800	87,400	89,300	90,300
Manufacturing	113,800	114,400	116,900	115,500	112,600
Wholesale Trade	41,300	42,100	43,700	43,500	42,900
Retail Trade	133,200	137,600	138,600	138,800	137,600
Transportation, Warehousing and Utilities	33,300	37,100	40,100	41,300	42,400
Information	22,100	21,500	22,100	22,000	21,100
Finance and Insurance	46,200	46,800	46,100	42,400	41,000
Professional and Business Services	248,300	265,300	282,500	275,600	267,300
Educational and Health Services	210,900	216,700	228,300	244,500	257,300
Leisure and Hospitality	144,800	161,600	193,100	200,900	202,500
Other Services	44,800	47,500	54,400	56,800	57,500
Federal Government	48,600	47,700	47,000	47,100	46,700
State Government	48,200	51,000	55,700	57,900	60,600
Local Government	140,200	139,200	143,900	144,600	147,300
Total, All Industries ⁽³⁾	1,395,000	1,451,100	1,540,600	1,559,800	1,567,100

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The largest manufacturing and non-manufacturing employers as of April 2025 in the County are shown below, in alphabetical order.

SAN DIEGO COUNTY Largest Employers As of April 2025

Employer Name	Location	Industry
32nd St Naval Station	San Diego	Federal Government-National Security
Collins Aerospace	Chula Vista	Aircraft Components-Manufacturers
Employees' Association-Sdg-E	San Diego	Associations
General Dynamics Nassco	San Diego	Ship Builders & Repairers (mfrs)
Illumina Inc	San Diego	Biotechnology Products & Services
Jennifer Moreno Dept-Veterans	San Diego	Hospitals
Kaiser Permanente Vandever Med	San Diego	Physicians & Surgeons
Kaiser Permanente Zion Med Ctr	San Diego	Hospitals
MCCS MCRD SN DIEGO-MRNE CORPS	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Naval Medical Ctr San Diego	San Diego	Hospitals
Page One Seo	San Diego	Mental Health Services
Rady Children's Hospital	San Diego	Hospitals
San Diego Community College	San Diego	Junior-Community College-Tech Institutes
San Diego County Sheriff	Santee	Police Departments
Scripps Mercy Hosp Sn Diego	San Diego	Hospitals
Scripps Research Institute	La Jolla	Laboratories-Research & Development
Seaworld San Diego	San Diego	Amusement & Theme Parks
Sharp Grossmont Hospital	La Mesa	Hospitals
Sharp Grossmont Rehab Ctr	La Mesa	Vocational Rehabilitation Services
Sharp Mary Birch Hosp	San Diego	Hospitals
Sony Electronics Inc	San Diego	Electronic Equipment & Supplies-Retail
Ucsd-Neural Computation	La Jolla	University-College Dept/Facility/Office
University of California	La Jolla	University-College Dept/Facility/Office
University-California Sn Diego	La Jolla	Schools-Universities & Colleges Academic

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition.

Effective Buying Income

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

The following table summarizes the total effective buying income for the Cities, the County, the State and the United States for 2021 through 2025.

CITY OF SAN MARCOS, CITY OF VISTA, AND SAN DIEGO COUNTY Effective Buying Income As of January 1, 2021 through 2025

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2021	City of San Marcos	\$3,091,457	\$71,588
	Vista City	2,507,145	64,754
	San Diego County	111,133,834	70,396
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of San Marcos	\$3,536,619	\$80,972
	Vista City	2,968,198	74,908
	San Diego County	127,272,831	80,233
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of San Marcos	\$3,389,353	\$84,710
	Vista City	2,884,811	72,179
	San Diego County	125,765,628	80,101
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of San Marcos	\$3,575,838	\$87,130
	Vista City	3,154,508	78,212
	San Diego County	131,948,466	84,854
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of San Marcos	\$3,817,782	\$89,683
	Vista City	3,300,931	82,200
	San Diego County	138,633,499	88,519
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles Area and points north. Interstate 15 runs inland, leading the Riverside-San Bernardino, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

San Diego's International Airport (Lindbergh Field) is located approximately one mile west of the downtown area at the edge of San Diego Bay. The facilities are owned and maintained by the San Diego Unified Port District and are leased to commercial airlines and other tenants. The airport is California's third most active commercial airport, served by major airlines. In addition to San Diego International Airport, there are several general aviation airports located in the County, including McClellan-Palomar Airport in Encinitas.

Public transit in the metropolitan area is provided by the Metropolitan Transit System, providing bus, light rail and freight services directly or by contract with private operators. The San Diego Trolley, developed beginning in 1979, connects the City's east and south county communities from the City's old town area south to the San Ysidro area.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach and Coronado.

APPENDIX F

BOOK-ENTRY-ONLY PROVISIONS

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the “Securities”) to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the “Agent”) takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”) will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX G

DISTRICT TAXABLE PROPERTY PARCEL LISTING

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San Marcos Unified School District
Improvement Area B of Community Facilities District No. 15
Taxable Property Parcel Listing

Assessor's Parcel Number	Owner	Assessed Value ^[1]				Share of the Bonds ^[2]	Land Secured Value-to-Lien ^[3]
		Land	Improvement	Other	Total		
218-811-01-00	Oldham Richard & Julia	\$668,100	\$686,294	\$0	\$1,354,394	\$25,118	53.92:1
218-811-02-00	Taneja Ankit & Kathuria Shaweta	\$591,600	\$711,517	\$0	\$1,303,117	\$26,661	48.88:1
218-811-03-00	Iskander George R & Mona F Living Trust 03-22-01	\$622,200	\$621,610	\$0	\$1,243,810	\$25,118	49.52:1
218-811-04-00	Park Nosun & Oh Mi Choung	\$591,600	\$734,548	\$0	\$1,326,148	\$26,661	49.74:1
218-811-05-00	Agrawal Piyush & Agarwal Deepa	\$566,100	\$744,008	\$0	\$1,310,108	\$26,661	49.14:1
218-811-06-00	Koenigsfeld Ronald L & Lori E Trust 03-09-15	\$331,459	\$373,773	\$0	\$705,232	\$25,118	28.08:1
218-811-07-00	Bartholomew Glenn & My Life Trust 11-14-23	\$465,468	\$506,282	\$0	\$971,750	\$26,661	36.45:1
218-811-08-00	Park Ju Hyun & Claire	\$652,800	\$708,341	\$0	\$1,361,141	\$26,661	51.05:1
218-811-09-00	Kasibhatla Kiran & Surekha	\$683,400	\$624,646	\$0	\$1,308,046	\$25,118	52.08:1
218-811-10-00	Yafchak Robert & Miguelina Revocable Living Trust	\$601,800	\$606,886	\$0	\$1,208,686	\$25,118	48.12:1
218-811-11-00	Rayana 2007 Family Trust 03-05-07	\$601,800	\$731,958	\$0	\$1,333,758	\$26,661	50.03:1
218-811-12-00	Boykin Tony	\$647,700	\$743,341	\$0	\$1,391,041	\$26,661	52.18:1
218-811-13-00	Carles Benjamin C & Jaclyn N	\$490,000	\$763,837	\$0	\$1,253,837	\$26,661	47.03:1
218-811-14-00	Chow Family Trust 12-18-87	\$550,000	\$669,391	\$0	\$1,219,391	\$25,118	48.55:1
218-811-15-00	Buchholz John W & Petra	\$480,000	\$783,907	\$0	\$1,263,907	\$26,661	47.41:1
218-811-16-00	Rawson Michelle M	\$485,000	\$801,768	\$0	\$1,286,768	\$28,200	45.63:1
218-811-17-00	Huang Ziqi	\$560,000	\$783,900	\$0	\$1,343,900	\$26,661	50.41:1
218-811-18-00	Lawson David J & Denise J	\$540,000	\$667,291	\$0	\$1,207,291	\$25,118	48.06:1
218-811-19-00	Sharma Prashant & Mehendarge Asmita P	\$515,000	\$672,192	\$0	\$1,187,192	\$25,118	47.26:1
218-811-20-00	Bergounioux Philippe & Andorka Szilvia M Family	\$525,000	\$761,565	\$0	\$1,286,565	\$26,661	48.26:1
218-811-21-00	Le Tony & Li Jia Yuan	\$450,000	\$785,166	\$0	\$1,235,166	\$26,661	46.33:1
218-811-22-00	Cevallos Andres R & Ramos Kimberly C	\$495,000	\$798,674	\$0	\$1,293,674	\$28,200	45.87:1
218-811-23-00	Puzzo Allyson M Revocable Living Trust 03-24-23	\$377,486	\$659,565	\$0	\$1,037,051	\$26,661	38.90:1
218-811-24-00	Dogue Luis & Gloria	\$560,000	\$669,431	\$0	\$1,229,431	\$25,118	48.95:1
218-811-25-00	Pinkston William B & Karen J Sewell Bradley W	\$500,000	\$763,763	\$0	\$1,263,763	\$26,661	47.40:1
218-811-26-00	Araldi Gian L & Lara B	\$505,000	\$798,955	\$0	\$1,303,955	\$28,200	46.24:1
218-811-27-00	Albergotti Emmett R Jr & Lutz Elizabeth A	\$339,379	\$459,161	\$0	\$798,540	\$25,118	31.79:1
218-811-28-00	Willis Ronald & Wendy Family 2008 Trust	\$0	\$0	\$0	\$0	\$26,661	0.00:1
218-811-29-00	Hernandez Luis S & Amparo Hernandez Oscar & Dagostini Lauren	\$185,441	\$242,829	\$0	\$428,270	\$25,118	17.05:1
218-811-30-00	Chen Xiaoyan	\$460,000	\$786,853	\$0	\$1,246,853	\$26,661	46.77:1
218-811-31-00	Wainie Byron G & Wainie Karen A Revocable Trust	\$565,000	\$671,265	\$0	\$1,236,265	\$25,118	49.22:1
218-811-32-00	Jakkula Srinivas K & Atmakur Nayeentara	\$510,000	\$788,206	\$0	\$1,298,206	\$26,661	48.69:1
218-811-33-00	Mosby Michael R & Kimie M	\$525,000	\$671,393	\$0	\$1,196,393	\$25,118	47.63:1
218-811-34-00	Murphy Karen M Murphy Kristen E	\$214,922	\$359,735	\$0	\$574,657	\$26,661	21.55:1
218-811-35-00	Kasagga Julius & Miodek Joanna	\$450,000	\$799,900	\$0	\$1,249,900	\$28,200	44.32:1
218-811-36-00	Nakrani Ravi & Vakharia Bhoomika	\$450,000	\$786,445	\$0	\$1,236,445	\$26,661	46.38:1
218-811-37-00	Chen Yitao	\$555,000	\$671,807	\$0	\$1,226,807	\$25,118	48.84:1
218-811-38-00	Ganti Kamalakar & Anipindi Deepthi Trust 04-26-24	\$520,000	\$785,763	\$0	\$1,305,763	\$26,661	48.98:1
218-811-39-00	Orzhekhovskiy Yevgeniy & Julia	\$575,000	\$670,924	\$0	\$1,245,924	\$25,118	49.60:1
218-811-40-00	Perez Eric J & Jesunathadas Rachel	\$525,000	\$798,369	\$0	\$1,323,369	\$28,200	46.93:1
218-811-41-00	Yu Joshua Yulin & Bai Stephanie Ailin	\$595,000	\$671,063	\$0	\$1,266,063	\$25,118	50.40:1
218-811-42-00	Faramarzi Esmaeil & Gharibi Zahra	\$590,000	\$783,923	\$0	\$1,373,923	\$26,661	51.53:1
218-811-43-00	Chen Hong & Wu Yubei	\$545,000	\$762,077	\$0	\$1,307,077	\$26,661	49.03:1

San Marcos Unified School District
Improvement Area B of Community Facilities District No. 15
Taxable Property Parcel Listing

Assessor's Parcel Number	Owner	Assessed Value ^[1]				Share of the Bonds ^[2]	Land Secured Value-to-Lien ^[3]
		Land	Improvement	Other	Total		
218-811-44-00	Gill Gaganpreet K & Chahal Gurvinder S Chahal Amrik S	\$555,000	\$789,352	\$0	\$1,344,352	\$26,661	50.42:1
218-811-45-00	Chua Patrick & Gaina Elena	\$600,000	\$794,367	\$0	\$1,394,367	\$26,661	52.30:1
218-811-46-00	Wenthur Family Trust 09-20-23	\$750,000	\$800,976	\$0	\$1,550,976	\$28,200	55.00:1
218-811-47-00	Riaz Mohsin & Mohsin Saima	\$710,000	\$787,170	\$0	\$1,497,170	\$26,661	56.16:1
218-811-48-00	Sarle Vikrant R & Shruti V	\$595,000	\$764,138	\$0	\$1,359,138	\$26,661	50.98:1
218-811-49-00	Chen Sea Mar Winnie Anne	\$625,000	\$671,189	\$0	\$1,296,189	\$25,118	51.60:1
218-811-50-00	Kannampalli Pradeep & Sethumadhavan Savitha	\$540,000	\$801,828	\$0	\$1,341,828	\$28,200	47.58:1
218-811-51-00	Begur Prahalad Babu & Prahalad Vani	\$560,000	\$670,748	\$0	\$1,230,748	\$25,118	49.00:1
218-811-52-00	Ihuoma Princewill & Samantha	\$540,000	\$783,899	\$0	\$1,323,899	\$26,661	49.66:1
218-811-53-00	Ocampo Kimberly R Revocable Living Trust 09-01-23	\$565,000	\$763,970	\$0	\$1,328,970	\$26,661	49.85:1
218-811-54-00	Cline Trevor & Zheng Xuejing	\$570,000	\$786,339	\$0	\$1,356,339	\$26,661	50.87:1
218-811-55-00	Camm David J & Christin M	\$565,000	\$669,433	\$0	\$1,234,433	\$25,118	49.14:1
218-811-56-00	Bodepudi Sai N & Vattikonda Anusha	\$525,000	\$798,220	\$0	\$1,323,220	\$28,200	46.92:1
218-811-57-00	Bryant Matthew	\$595,000	\$670,124	\$0	\$1,265,124	\$25,118	50.37:1
218-811-58-00	Wider Trust 05-31-23	\$72,760	\$73,639	\$0	\$146,399	\$25,118	5.83:1
218-811-59-00	Schwartzwald Lang & Bateni Fatemeh	\$622,200	\$731,992	\$0	\$1,354,192	\$26,661	50.79:1
218-811-60-00	Steiner Sara Steiner William & Diane	\$585,675	\$658,077	\$0	\$1,243,752	\$25,118	49.52:1
218-811-61-00	Tunuguntia Family Trust 07-30-14	\$403,783	\$573,900	\$0	\$977,683	\$26,661	36.67:1
218-811-62-00	Patel Rakesh & Nidhi	\$525,300	\$745,402	\$0	\$1,270,702	\$26,661	47.66:1
218-811-63-00	Roy Debashish & Shreyasi	\$690,000	\$783,254	\$0	\$1,473,254	\$26,661	55.26:1
218-811-64-00	Mingus Rebecca Dudley Brandon	\$840,000	\$760,000	\$0	\$1,600,000	\$26,661	60.01:1
218-811-65-00	Sutcliffe Dale & Jamie Living Trust 04-06-17	\$535,232	\$432,639	\$0	\$967,871	\$25,118	38.53:1
218-811-66-00	Bodiwala Vishal S & Amisha V	\$845,000	\$840,900	\$0	\$1,685,900	\$26,661	63.24:1
218-812-01-00	Nicacio Ana P D	\$590,000	\$786,208	\$0	\$1,376,208	\$26,661	51.62:1
218-812-02-00	Love Juan Patrick Maria	\$635,000	\$668,585	\$0	\$1,303,585	\$25,118	51.90:1
218-812-03-00	Sanchez Carlos A & Renee E	\$595,000	\$761,500	\$0	\$1,356,500	\$26,661	50.88:1
218-812-04-00	Ly Howard & Audrey	\$615,000	\$785,511	\$0	\$1,400,511	\$26,661	52.53:1
218-812-05-00	Benson Lorri A	\$630,000	\$671,030	\$0	\$1,301,030	\$25,118	51.80:1
218-812-06-00	Wang Bang & Liao Xiaoping	\$575,000	\$785,351	\$0	\$1,360,351	\$26,661	51.02:1
218-812-07-00	Heisel Thomas A & Natalie C	\$690,000	\$798,105	\$0	\$1,488,105	\$28,200	52.77:1
218-812-08-00	Rosano Robert W & Kathy L Family Trust 09-26-94	\$650,000	\$790,787	\$0	\$1,440,787	\$26,661	54.04:1
218-812-09-00	Getz Steven A & Yoomi L	\$470,938	\$500,067	\$0	\$971,005	\$25,118	38.66:1
218-812-10-00	Hirschbuehler Warren & Adriana	\$650,000	\$763,666	\$0	\$1,413,666	\$26,661	53.02:1
218-812-11-00	Yu Yin Revocable Trust 03-11-19	\$605,000	\$670,900	\$0	\$1,275,900	\$25,118	50.80:1
218-812-12-00	Emami Houman & Hadipour Elaheh	\$435,968	\$543,736	\$0	\$979,704	\$26,661	36.75:1
218-812-13-00	Smith Sean & Juliana	\$730,000	\$799,635	\$0	\$1,529,635	\$28,200	54.24:1
218-812-14-00	Prasad Krishna & Anandhi K Revocable Trust 03-27-23	\$521,927	\$593,303	\$0	\$1,115,230	\$26,661	41.83:1
218-812-15-00	Fry James J Fong Stephanie L	\$745,000	\$672,456	\$0	\$1,417,456	\$25,118	56.43:1
218-812-16-00	Lampel Justin K Mcguire Laura	\$615,000	\$764,759	\$0	\$1,379,759	\$26,661	51.75:1
218-812-17-00	Vangala Satyanarayana R & Srilatha	\$680,000	\$797,967	\$0	\$1,477,967	\$28,200	52.41:1
218-812-18-00	Cook Frederick S Iii & Caprio Scott M	\$755,000	\$669,595	\$0	\$1,424,595	\$25,118	56.72:1
218-812-19-00	Hosseinian Alireza & Kalia-Overlie Jennifer	\$685,000	\$786,032	\$0	\$1,471,032	\$26,661	55.18:1
218-812-20-00	Maher Family Revocable Trust 09-14-16	\$383,544	\$529,656	\$0	\$913,200	\$26,661	34.25:1

San Marcos Unified School District
Improvement Area B of Community Facilities District No. 15
Taxable Property Parcel Listing

Assessor's Parcel Number	Owner	Assessed Value ^[1]				Share of the Bonds ^[2]	Land Secured Value-to-Lien ^[3]
		Land	Improvement	Other	Total		
218-812-21-00	Tuason Christopher P & Melannie G	\$635,000	\$788,179	\$0	\$1,423,179	\$26,661	53.38:1
218-812-22-00	Ye Changqing & Zheng Han	\$620,000	\$799,052	\$0	\$1,419,052	\$28,200	50.32:1
218-812-23-00	Seto Daniel M & Park Sandy S	\$665,000	\$667,467	\$0	\$1,332,467	\$25,118	53.05:1
Total		\$49,253,582	\$61,427,425	\$0	\$110,681,007	\$2,345,000	47.20:1

[1] Source: San Diego County Assessor's Roll dated January 1, 2024.

[2] Debt has been allocated based on the proportionate share of the Fiscal Year 2025-26 Special Taxes.

[3] There was no overlapping land-secured debt reported to be associated with the properties within Improvement Area B of CFD No. 15 and the total lien excludes general obligation bonded indebtedness.

