

NEW ISSUE-FULL BOOK ENTRY

Ratings: S&P: "AA" (Insured)

S&P: "AA-" (Underlying)

See the caption "MISCELLANEOUS—Ratings"

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See the caption "LEGAL MATTERS — Tax Matters" herein.*

**\$26,705,000\***

**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE BONDS, 2025 SERIES A**

**Dated: Date of Delivery**

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

The special tax revenue bonds captioned above and described herein (the "Bonds") are being issued by the Menifee Union School District Public Financing Authority (the "Authority") to: (i) refund and defease certain revenue bonds previously issued by the Authority; (ii) acquire certain special tax bonds (the "2025 Local Obligations") of community facilities districts (in certain instances issued for improvement areas of such community facilities districts), formed by the Menifee Union School District (the "School District"); (iii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds; (iv) purchase a debt service reserve insurance policy for deposit in the Reserve Fund to fund the initial Reserve Requirement (as defined herein); and (v) pay costs of issuance of the Bonds. The 2025 Local Obligations are being issued to refund certain special tax bonds previously issued by two community facilities districts of the School District and to finance certain authorized facilities. See "FINANCING PLAN."

The Bonds are payable solely from Revenues (as defined herein) pledged by the Authority pursuant to that certain Indenture of Trust, dated as of July 1, 2025 (the "Indenture"), by and between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"). Revenues consist primarily of debt service on the 2025 Local Obligations and eight other series of special tax bonds currently owned by the Authority, which are payable from special taxes levied in the Taxing Jurisdictions (as defined herein). See "SECURITY FOR THE BONDS."

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year commencing March 1, 2026. The Bonds will be initially issued only in book-entry form and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which will remit such payments to its participants for subsequent distribution to the beneficial owners of the Bonds. See "THE BONDS — General Provisions" and "— Book-Entry Only System" herein.

*The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS — Redemption."*

The scheduled payment of principal of and interest when due on the Bonds will be guaranteed under a municipal bond insurance policy (the "Policy") to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (the "Bond Insurer"). The Bond Insurer will also issue a debt service reserve insurance policy concurrently with the issuance of the Bonds to be credited to the Reserve Fund for the Bonds to satisfy the initial Reserve Requirement. See "BOND INSURANCE" herein.



**CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE AUTHORITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS MAY NOT BE SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.**

**Maturity Schedule  
(see inside cover)**

*The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. Certain legal matters will be passed upon for the Authority and the Community Facilities Districts by Stradling Yocca Carlson & Rauth, LLP, as Disclosure Counsel, for the Underwriter by its counsel, Kutak Rock LLP, and for the Trustee by its counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC or its agent on or about \_\_\_\_\_, 2025.*

**STIFEL**

Dated: \_\_\_\_\_, 2025

\*Preliminary, subject to change.

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

**MATURITY SCHEDULE**

\$ \_\_\_\_\_

**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE BONDS, 2025 SERIES A**

<b>Serial Bonds</b>					
<i><b>Maturity (September 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP<sup>†</sup></b></i>

---

<sup>†</sup> CUSIP® Copyright 2025, American Bankers Association. CUSIP® data in this Official Statement is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers' Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. None of the Authority, the School District, the Community Facilities Districts or the Underwriter, or their agents or counsel, takes any responsibility for the accuracy of CUSIP data in this Official Statement. 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.

**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**

**AUTHORITY BOARD AND GOVERNING BOARD**

J. Kyle Root, President  
Jackie Johansen, Vice President  
Xavier Padilla, Clerk  
Morgan Singleton II, Deputy Clerk  
Robert O'Donnell, Board Member

**SCHOOL DISTRICT STAFF**

Jennifer Root, Ed.D., Superintendent  
Marc Bommarito, Assistant Superintendent, Business Services  
James Sellers, Director of Facilities  
Getahun Woldie, Director of Fiscal Services

**BOND COUNSEL**

Jones Hall, A Professional Law Corporation  
San Francisco, California

**DISCLOSURE COUNSEL**

Stradling Yocca Carlson & Rauth LLP  
Newport Beach, California

**MUNICIPAL ADVISOR**

Fieldman, Rolapp & Associates, Inc.  
Irvine, California

**SPECIAL TAX CONSULTANT AND CFD ADMINISTRATOR**

KeyAnalytics  
Mission Viejo, California

**VERIFICATION AGENT**

Causey Public Finance, LLC  
Denver, Colorado

**TRUSTEE/FISCAL AGENT/ESCROW AGENT**

Zions Bancorporation, National Association  
Los Angeles, California

*Investment in the Bonds, involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth or income) who understand (either alone or with competent investment advice) those risks should consider such an investment.*

Except where otherwise indicated, all information contained in this Official Statement has been provided by the Menifee Union School District Public Financing Authority, the Menifee Union School District, and the Community Facilities Districts. No dealer, broker, salesperson or other person has been authorized by the Authority, the School District, the Community Facilities Districts, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the School District, the Community Facilities Districts, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the Community Facilities Districts, the School District or the Authority. This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such are not to be construed as representations of fact.

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the School District, the Community Facilities Districts or any other parties described herein since the date hereof. All summaries of the Indenture, the Local Obligation Fiscal Agent Agreements or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the School District for further information in connection therewith.

While the School District maintains an internet website and certain social media accounts for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the Authority, the School District or the Community Facilities Districts. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance

or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption “MISCELLANEOUS — Continuing Disclosure” herein.

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

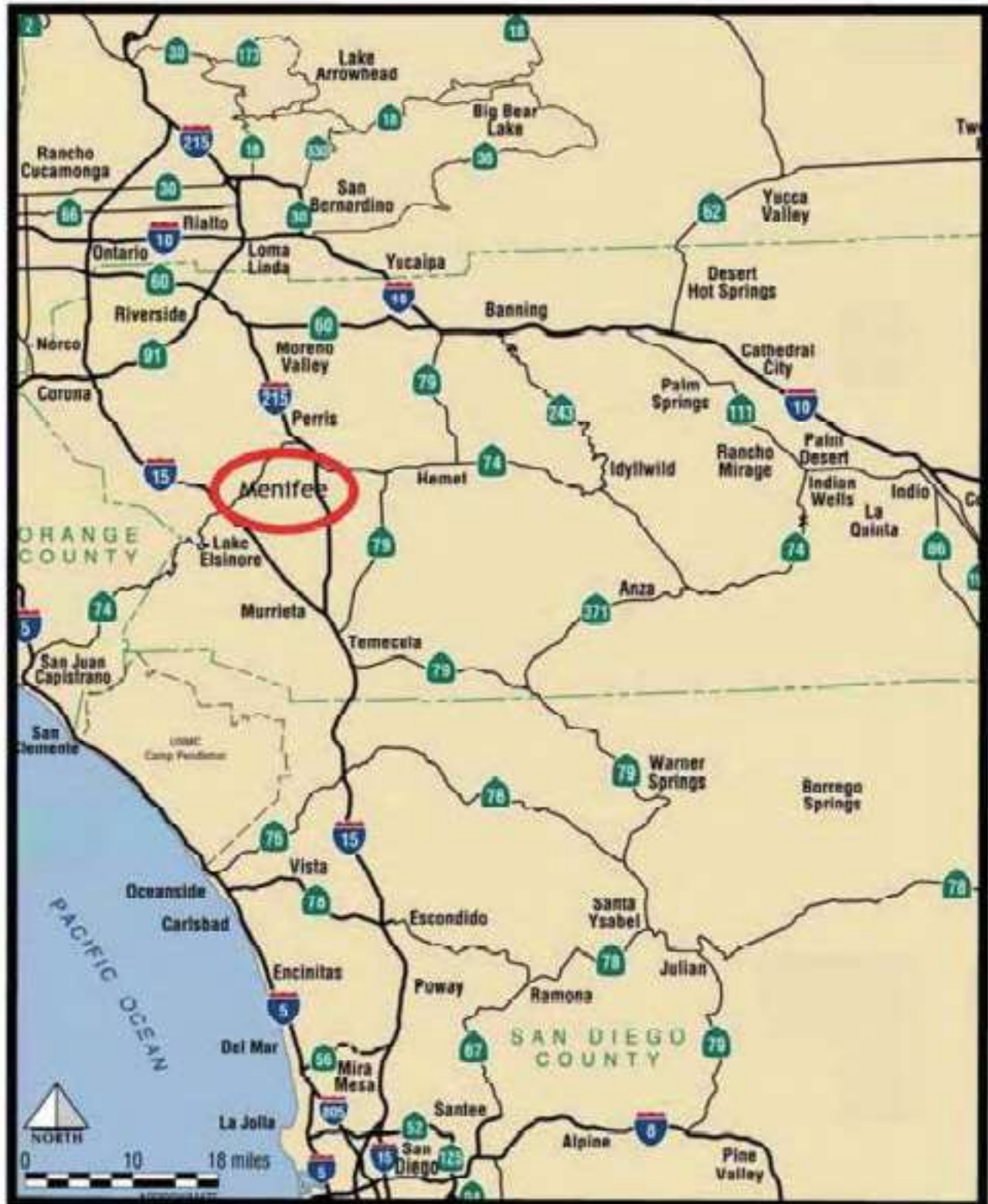
**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.**

# Meniffee Union School District

(Riverside County, California)

## Regional Location Map



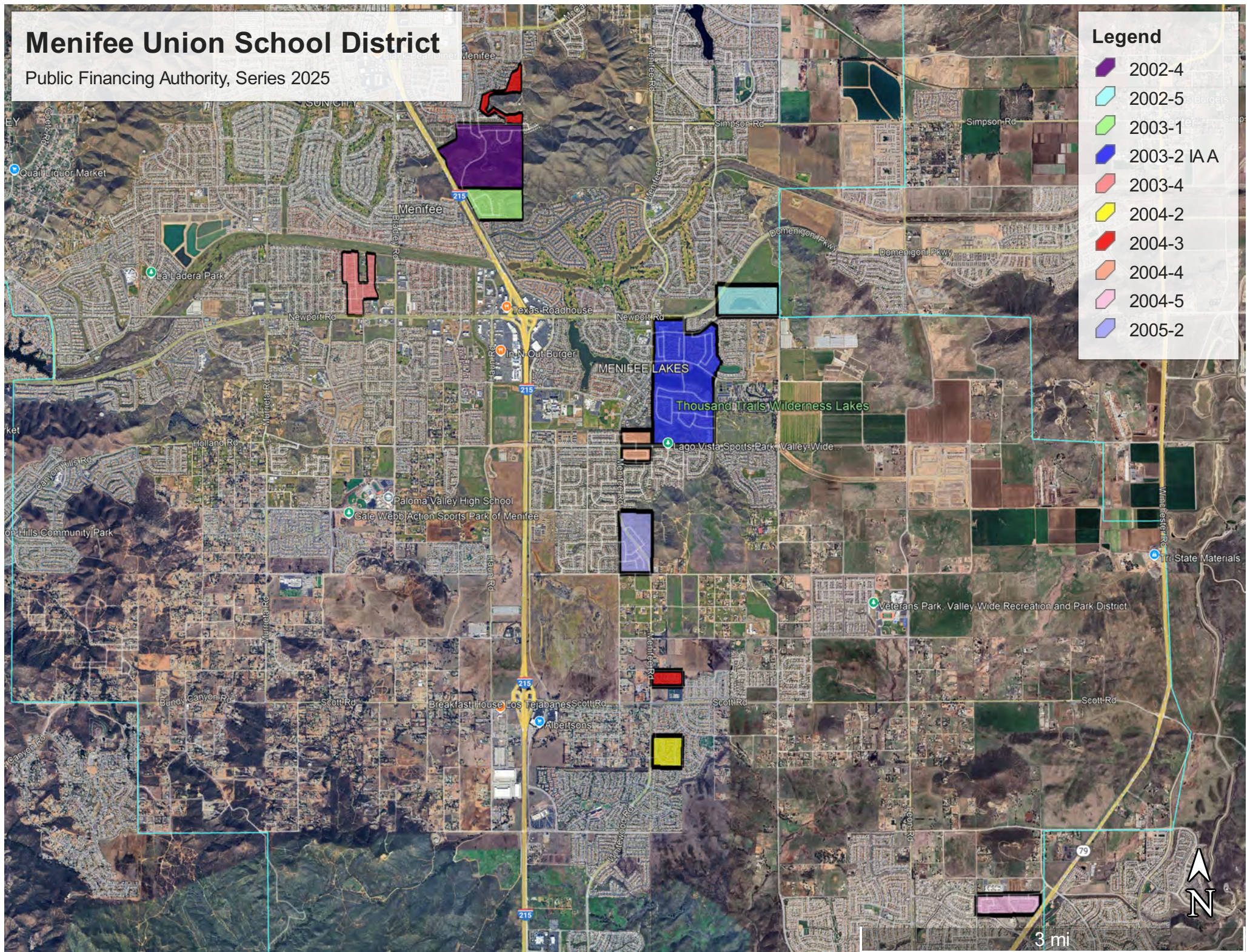


# Menifee Union School District

Public Financing Authority, Series 2025

## Legend

- 2002-4
- 2002-5
- 2003-1
- 2003-2 IAA
- 2003-4
- 2004-2
- 2004-3
- 2004-4
- 2004-5
- 2005-2





## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
Financing Purpose .....	1
The Bonds; The Local Obligations .....	2
Legal Authority .....	4
Sources of Payment for the Bonds and the Local Obligations .....	5
Description of the Bonds .....	6
The School District .....	6
The Authority .....	6
Professionals Involved in the Offering .....	6
Continuing Disclosure .....	7
FINANCING PLAN .....	7
Purpose of Issue .....	7
Estimated Sources and Uses of Funds .....	9
THE BONDS .....	11
General Provisions .....	11
Redemption .....	11
Payment, Registration, Transfer and Exchange of Bonds .....	14
Book-Entry Only System .....	15
Estimated Debt Service Schedules: Bonds and Local Obligations .....	16
Debt Service Coverage for the Local Obligations and the Bonds .....	18
SECURITY FOR THE BONDS .....	27
General .....	27
Revenue Fund; Flow of Funds .....	28
Costs of Issuance Fund .....	29
Purchase Fund .....	30
Reserve Fund and Reserve Fund Accounts .....	30
Surplus Fund .....	31
Authority Compliance with Tax Covenants .....	31
No Additional Bonds Except to Refund Bonds .....	31
BOND INSURANCE .....	31
Bond Insurance Policy .....	31
Build America Mutual Assurance Company .....	32
SECURITY FOR THE LOCAL OBLIGATIONS .....	33
General .....	33
Special Taxes .....	34
Local Obligation Fiscal Agent Agreements .....	36
Local Obligation Parity Bonds Only for Refunding Purposes .....	38
Priority of Lien .....	39
Covenant for Superior Court Foreclosure .....	39
Covenants Regarding Special Tax Levies and Rate and Method .....	40
Permitted Investments .....	41
No Acceleration .....	41
Levy of Special Taxes to Applicable Maximum Rates .....	41
Special Taxes Are Not Within Teeter Plan .....	42
THE TAXING JURISDICTIONS .....	42
The Taxing Jurisdictions in the Aggregate .....	42
The Local Obligations .....	46
SPECIAL RISK FACTORS .....	46
Risks of Real Estate Secured Investments Generally .....	46



# TABLE OF CONTENTS

## (continued)

	<u>Page</u>
The Bonds are Limited Obligations of the Authority .....	47
No Obligation of the School District .....	47
Varying Maturities of the Local Obligations .....	48
No Cross-Collateralization Between Taxing Jurisdictions .....	48
Potential Early Redemption of Bonds from Prepayments or Other Sources .....	48
Property Values .....	48
Natural Disasters .....	49
Hazardous Substances .....	49
Cybersecurity .....	50
Parity Taxes and Special Assessments .....	50
Payment of the Special Tax is not a Personal Obligation of the Owners .....	51
Disclosures to Future Purchasers .....	51
Special Tax Delinquencies .....	51
Insufficiency of Special Taxes .....	52
Risks Associated with Bond Insurance .....	53
FDIC/Federal Government Interests in Properties .....	53
Bankruptcy and Foreclosure .....	55
Funds Invested in the County Investment Pool .....	55
No Acceleration Provision .....	55
Limitations on Remedies .....	56
Loss of Tax Exemption .....	56
Limited Secondary Market .....	56
Proposition 218 .....	57
Ballot Initiatives .....	57
Litigation with Respect to Community Facilities Districts .....	58
LEGAL MATTERS .....	59
Tax Matters .....	59
Absence of Litigation .....	60
Legal Opinion .....	60
MISCELLANEOUS .....	61
Ratings .....	61
Underwriting .....	61
Verification of Mathematical Computations .....	62
Continuing Disclosure .....	62
Municipal Advisor .....	63
Additional Information .....	64
APPENDIX A INFORMATION REGARDING THE TAXING JURISDICTIONS .....	A-1
APPENDIX B SUMMARY OF PRINCIPAL LEGAL DOCUMENTS .....	B-1
APPENDIX C DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF MENIFEE .....	C-1
APPENDIX D RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS .....	D-1
APPENDIX E FORM OF BOND COUNSEL OPINION .....	E-1
APPENDIX F FORM OF CONTINUING DISCLOSURE CERTIFICATE .....	F-1
APPENDIX G DTC AND THE BOOK-ENTRY-ONLY SYSTEM .....	G-1
APPENDIX H SPECIMEN MUNICIPAL BOND INSURANCE POLICY .....	H-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

## OFFICIAL STATEMENT

**\$26,705,000\***

### **MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY SPECIAL TAX REVENUE BONDS, 2025 SERIES A**

#### **INTRODUCTION**

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 \$26,705,000\* Menifee Union School District Public Financing Authority Special Tax Revenue Bonds, 2025 Series A (the “Bonds”).

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

#### **Financing Purpose**

**Purpose of the Bonds.** The Bonds are being issued by the Menifee Union School District Public Financing Authority (the “Authority”) to:

- (i) refund and defease a portion of the Authority’s Special Tax Revenue Bonds, 2016 Series A (the “Prior Authority Bonds”); and
- (ii) acquire the “2025 Local Obligations” described below (see “FINANCING PLAN” herein); and
- (iii) purchase a municipal bond insurance policy (the “Policy”) issued by Build America Mutual Assurance Company (the “Bond Insurer”) to guarantee payment of the principal of and interest on the Bonds when due; and
- (iv) purchase a debt service reserve policy issued by the Bond Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Policy”) to satisfy the Reserve Requirement as of the date of issuance of the Bonds; and
- (v) pay the costs of issuing the Bonds.

**Purpose of the 2025 Local Obligations.** The net proceeds of the 2025 Local Obligations, along with other available funds, will be used to defease, pay and redeem the Prior CFD Bonds (as defined below), which will, in turn, result in the simultaneous redemption and defeasance of the portion of the Prior Authority Bonds not being refunded and defeased directly with proceeds of the Bonds, as set forth above, and to finance certain eligible facilities (the “Facilities”) authorized to be financed by CFD No. 2003-2 and CFD No. 2003-4 (both as defined below). See “FINANCING PLAN” herein.

---

\* Preliminary, subject to change.



## **The Bonds; The Local Obligations**

***The Bonds.*** The Bonds are payable from “Revenues,” as defined below, generally consisting of revenues received by the Authority consisting of debt service received with respect to the Local Obligations, and amounts held in certain funds and accounts established and held for the benefit of the Bonds under the Indenture (as defined below).

***Local Obligations.*** The “Local Obligations” consist of the ten separate series of special tax bonds described below issued by the following ten community facilities districts formed by the Menifee Union School District (the “School District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Mello-Roos Act”):

- (a) Community Facilities District No. 2002-4 of the Menifee Union School District (“CFD No. 2002-4”);
- (b) Community Facilities District No. 2002-5 of the Menifee Union School District (“CFD No. 2002-5”);
- (c) Community Facilities District No. 2003-1 of the Menifee Union School District (“CFD No. 2003-1”);
- (d) Community Facilities District No. 2003-2 of the Menifee Union School District (“CFD No. 2003-2”);
- (e) Community Facilities District No. 2003-4 of the Menifee Union School District (“CFD No. 2003-4”);
- (f) Community Facilities District No. 2004-2 of the Menifee Union School District (“CFD No. 2004-2”);
- (g) Community Facilities District No. 2004-3 of the Menifee Union School District (“CFD No. 2004-3”);
- (h) Community Facilities District No. 2004-4 of the Menifee Union School District (“CFD No. 2004-4”);
- (i) Community Facilities District No. 2004-5 of the Menifee Union School District (“CFD No. 2004-5”); and
- (j) Community Facilities District No. 2005-2 of the Menifee Union School District (“CFD No. 2005-2”).

CFD No. 2002-4, CFD No. 2002-5, CFD No. 2003-1, CFD No. 2003-2, CFD No. 2003-4, CFD No. 2004-2, CFD No. 2004-3, CFD No. 2004-4, CFD No. 2004-5 and CFD No. 2005-2 are each referred to herein as a “Community Facilities District” and collectively as the “Community Facilities Districts.”

More specifically, the Local Obligations consist of the following special tax bonds:

***CFD No. 2002-4 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2002-4 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2002-4 Bonds”) that were issued by CFD No. 2002-4 on February 18, 2016, and are outstanding in the aggregate principal amount of \$1,500,000 as of September 2, 2025. The CFD No. 2002-4 Bonds are payable from Special Taxes (as

defined in the Rate and Method with respect to CFD No. 2002-4) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2002-4) within the boundaries of CFD No. 2002-4.

***CFD No. 2002-5 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2002-5 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2002-5 Bonds”) that were issued by CFD No. 2002-5 on February 18, 2016, and are outstanding in the aggregate principal amount of \$3,965,000 as of September 2, 2025. The CFD No. 2002-5 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2002-5) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2002-5) within the boundaries of CFD No. 2002-5.

***CFD No. 2003-1 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2003-1 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2003-1 Bonds”) that were issued by CFD No. 2003-1 on February 18, 2016, and are outstanding in the aggregate principal amount of \$1,505,000 as of September 2, 2025. The CFD No. 2003-1 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2003-1) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2003-1) within the boundaries of CFD No. 2003-1.

***CFD No. 2003-2 2025 Special Tax Bonds:*** \$6,650,000\* Community Facilities District No. 2003-2 of the Menifee Union School District Improvement Area A 2025 Special Tax Bonds (the “CFD No. 2003-2 Bonds”) are being issued by CFD No. 2003-2 to refund the outstanding Community Facilities District No. 2003-2 of the Menifee Union School District Improvement Area A 2016 Special Tax Refunding Bonds (the “Prior CFD No. 2003-2 Bonds”) and to finance certain eligible facilities benefiting CFD No. 2003-2. The CFD No. 2003-2 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to Improvement Area A of CFD No. 2003-2) levied on Taxable Property (as defined in the Rate and Method with respect to Improvement Area No. A of CFD No. 2003-2) within the boundaries of Improvement Area A of CFD No. 2003-2. A portion of the CFD No. 2003-2 Bonds will be issued as convertible capital appreciation bonds.

***CFD No. 2003-4 2025 Special Tax Bonds:*** \$1,760,000\* Community Facilities District No. 2003-4 of the Menifee Union School District 2025 Special Tax Bonds (the “CFD No. 2003-4 Bonds”) are being issued by CFD No. 2003-4 to refund the outstanding Community Facilities District No. 2003-4 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “Prior CFD No. 2003-4 Bonds”) and to finance certain eligible facilities benefiting CFD No. 2003-4. The CFD No. 2003-4 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2003-4) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2003-4) within the boundaries of CFD No. 2003-4.

***CFD No. 2004-2 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2004-2 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2004-2 Bonds”) that were issued by CFD No. 2004-2 on February 18, 2016, and are outstanding in the aggregate principal amount of \$2,910,000 as of September 2, 2025. The CFD No. 2004-2 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2004-2) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2004-2) within the boundaries of CFD No. 2004-2.

***CFD No. 2004-3 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2004-3 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2004-3 Bonds”) that were issued by CFD No. 2004-3 on February 18, 2016, and are currently outstanding in the aggregate principal amount of \$2,730,000. The CFD No. 2004-3 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2004-3) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2004-3) within the boundaries of CFD No. 2004-3.

***CFD No. 2004-4 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2004-4 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2004-4 Bonds”) that were issued by CFD No. 2004-4 on February 18, 2016, and are outstanding in the aggregate principal amount

of \$1,520,000 as of September 2, 2025. The CFD No. 2004-4 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2004-4) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2004-4) within the boundaries of CFD No. 2004-4.

***CFD No. 2004-5 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2004-5 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2004-5 Bonds”) that were issued by CFD No. 2004-5 on February 18, 2016, and are outstanding in the aggregate principal amount of \$2,930,000 as of September 2, 2025. The CFD No. 2004-5 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2004-5) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2004-5) within the boundaries of CFD No. 2004-5.

***CFD No. 2005-2 2016 Special Tax Refunding Bonds:*** Community Facilities District No. 2005-2 of the Menifee Union School District 2016 Special Tax Refunding Bonds (the “CFD No. 2005-2 Bonds”) that were issued by CFD No. 2005-2 on February 18, 2016, and are outstanding in the aggregate principal amount of \$2,965,000 as of September 2, 2025. The CFD No. 2005-2 Bonds are payable from Special Taxes (as defined in the Rate and Method with respect to CFD No. 2005-2) levied on Taxable Property (as defined in the Rate and Method with respect to CFD No. 2005-2) within the boundaries of CFD No. 2005-2.

CFD No. 2002-4, CFD No. 2002-5, CFD No. 2003-1, Improvement Area A of CFD No. 2003-2, CFD No. 2003-4, CFD No. 2004-2, CFD No. 2004-3, CFD No. 2004-4, CFD No. 2004-5 and CFD No. 2005-2 are each referred to in this Official Statement as a “Taxing Jurisdiction” and collectively as the “Taxing Jurisdictions.”

The Prior CFD No. 2003-2 Bonds and the Prior CFD No. 2003-4 Bonds, are collectively referred to herein as the “Prior CFD Bonds.”

The CFD No. 2003-2 Bonds and the CFD No. 2003-4 Bonds are collectively referred to herein as the “2025 Local Obligations.”

The CFD No. 2002-4 Bonds, CFD No. 2002-5 Bonds, CFD No. 2003-1 Bonds, CFD No. 2004-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2004-4 Bonds, CFD No. 2004-5 Bonds and CFD No. 2005-2 Bonds are collectively referred to herein as the “2016 Local Obligations.”

## **Legal Authority**

***The Bonds.*** The Bonds are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and an Indenture of Trust dated as of July 1, 2025 (the “Indenture”), by and between the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”).

***The Local Obligations.*** The 2016 Local Obligations were each issued pursuant to a separate Fiscal Agent Agreement, dated as of February 1, 2016, and, in connection with the issuance of the Bonds, each separate Fiscal Agent Agreement will be supplemented by a First Supplemental Fiscal Agent Agreement, dated as of July 1, 2025, all by and between the respective Community Facilities District and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”). The 2025 Local Obligations are each being issued pursuant to a separate Fiscal Agent Agreement, dated as of July 1, 2025, by and between the respective Community Facilities District and the Fiscal Agent. Each of the foregoing Fiscal Agent Agreements, as supplemented, if applicable, is referred to herein as a “Local Obligation Fiscal Agent Agreement,” and collectively, as the “Local Obligation Fiscal Agent Agreements.”



## Sources of Payment for the Bonds and the Local Obligations

**The Bonds.** The Bonds are secured by a first lien on and pledge of all of the Revenues. “Revenues” are defined in the Indenture to include:

- (a) all amounts received from the Taxing Jurisdictions pursuant to any Local Obligations;
- (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture (other than the Costs of Issuance Fund and the Surplus Fund); and
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture (other than investment income on moneys held in the Surplus Fund).

**Certain Funds Not Pledged.** Amounts held in the Costs of Issuance Fund and the Surplus Fund are not pledged to the repayment of the Bonds.

See “SECURITY FOR THE BONDS — Revenue Fund” herein.

**Reserve Fund for the Bonds.** A Reserve Fund for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. The Reserve Requirement for the Bonds, as of the date of issuance of the Bonds, equals \$\_\_\_\_\_. The Indenture establishes within the Reserve Fund an account with respect to each series of Local Obligations (each a “Reserve Fund Account”). The Bond Insurer has made a commitment to issue, simultaneously with the issuance of the Bonds, the Reserve Policy in the amount equal to the Reserve Requirement as of the date of issuance of the Bonds for deposit into the Reserve Fund. The Indenture establishes the Reserve Accounts in the amount of each Taxing Jurisdiction’s pro rata share of the Reserve Requirement as of the date of issuance of the Bonds. The Reserve Policy will be governed by the terms of a Debt Service Reserve Agreement (the “Reserve Agreement”) by and between the Bond Insurer and the Authority. See “SECURITY FOR THE BONDS — Revenue Fund” and “— Reserve Fund and Reserve Fund Accounts” herein.

**Bond Insurance.** Concurrently with the issuance of the Bonds, the Bond Insurer will issue the Policy to guarantee payment of the principal of and interest on the Bonds. See “BOND INSURANCE.” A specimen of the Policy is set forth in Appendix H.

**Local Obligations.** Each series of Local Obligations is secured by Net Special Taxes collected in the applicable Taxing Jurisdiction as a result of the levy of the respective Special Taxes. Under each Local Obligation Fiscal Agent Agreement, “Net Special Taxes” means, with respect to each Taxing Jurisdiction, after the Administrative Expense Requirement (is funded to the corresponding Administrative Expense Fund pursuant to the applicable Local Obligation Fiscal Agent Agreement, the proceeds of the Special Taxes received by the applicable Taxing Jurisdiction, including any scheduled payments, interest thereon, collections of any delinquent Special Taxes, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. “Net Special Taxes” does not include any penalties or costs of collecting delinquent Special Taxes collected in connection with delinquent Special Taxes. See “SECURITY FOR THE LOCAL OBLIGATIONS — Local Obligation Fiscal Agent Agreements.

**The Local Obligations are not cross-collateralized. In other words, Special Taxes from one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another Taxing Jurisdiction. However, the Reserve Fund and the Reserve Accounts therein held by the Trustee and funded with the deposit therein of the Reserve Policy and proceeds of the Local Obligations will be available in the event of delinquent Revenues to the extent set forth therein. See “SECURITY FOR THE BONDS — Reserve Fund” herein.**

## **Description of the Bonds**

**Payments.** Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

**Denominations.** The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

**Redemption.** The Bonds are subject to redemption prior to their maturity. 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, New York, New York (“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 — Payment, Registration, Transfer and Exchange of Bonds” and “— Book-Entry Only System.”

## **The School District**

The School District is located in the southwestern portion of the County of Riverside (the “County”), California and serves the City of Menifee, together with portions of the City of Lake Elsinore, the City of Murrieta, the City of Perris, the City of Wildomar and certain unincorporated portions of the County. The School District was originally formed in 1890 as the Menifee School District and in 1951 the Menifee School District and the Antelope School District merged into a single school district. The School District currently operates one preschool, eleven elementary schools, one K-8 Harvest Hill STEAM Academy, four middle schools, one first through eighth grade virtual school and one independent study program, with an average daily attendance estimated to be approximately 12,500 students in Fiscal Year 2024-25. For economic and demographic information regarding the area in and around the School District, see APPENDIX C.

**Neither the Bonds nor the Local Obligations are a debt of the School District, and no revenues of the School District are pledged to repayment of the Bonds or the Local Obligations.**

## **The Authority**

The Authority was formed pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and the Joint Exercise of Powers Agreement, dated as of December 1, 2005 (the “JPA Agreement”), by and between the School District and Community Facilities District No. 94-1 of the Menifee Union School District, to assist in financing public capital improvements undertaken by the School District. The Governing Board of the School District serves as the Governing Board of the Authority.

## **Professionals Involved in the Offering**

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, is serving as Disclosure Counsel to the Authority and the School District. Fieldman, Rolapp and Associates, Inc, is acting as municipal advisor to the School District in connection with the issuance of the Bonds. KeyAnalytics, Mission Viejo, California, is acting as Special Tax Consultant to the School District. Zions Bancorporation, National Association, Los Angeles, California, will act as Trustee with respect to the Bonds and the Local Obligations and Escrow Agent. Stifel, Nicolaus & Company, Incorporated, is acting as underwriter in connection with the issuance and delivery of the Bonds. Kutak Rock LLP, Irvine, California is serving as Underwriter’s Counsel.

*Payment of the fees of Bond Counsel, Disclosure Counsel, Municipal Advisor, the Underwriter and counsel to the Underwriter is contingent upon issuance of the Bonds. Both Jones Hall, A Professional Law Corporation, and Stradling Yocca Carlson & Rauth, LLP, represent the Underwriter in connection with financings unrelated to the Authority, the School District and the Community Facilities Districts.*

### **Continuing Disclosure**

The Authority will enter into a Continuing Disclosure Certificate in connection with the Bonds, and will covenant therein for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions by not later than February 1 following the end of its fiscal year (which currently ends June 30), commencing with the report for the 2024-25 Fiscal Year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The first Annual Report will be due February 1, 2026. The Annual Report and notices of certain listed events (the “Listed Events”) will be filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board available on the Internet at <http://emma.msrb.org> (“EMMA”). The specific nature of the information to be contained in each Annual Report and any notices of the Listed Events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants will be made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). See “MISCELLANEOUS — Continuing Disclosure” herein.

## **FINANCING PLAN**

### **Purpose of Issue**

***Redemption and Defeasance of the Prior Authority Bonds.*** A portion of the proceeds of the Bonds, together with certain other moneys on hand, will be deposited with Zions Bancorporation, National Association (the “Escrow Agent”) for deposit in an escrow fund (the “Prior Authority Bonds Escrow Fund”) established under an Escrow Deposit and Trust Agreement (the “Prior Authority Bonds Escrow Agreement”) by and between the Authority and the Escrow Bank. These funds will be used to (i) pay the principal of and interest on the Prior Authority Bonds maturing on September 1, 2025, and (ii) redeem the Prior Authority Bonds maturing on and after September 1, 2026, on September 1, 2025, on a current basis, at a redemption price equal to the principal amount of the Prior Authority Bonds being redeemed, plus accrued interest to the redemption date, without premium.

The Escrow Agent will invest certain amounts in the Prior Authority Bonds Escrow Fund in United States Treasury Securities--State and Local Government Series and hold the remainder in cash, uninvested. Sufficiency of the deposits in the Prior Authority Bonds Escrow Fund for those purposes will be verified by Causey Public Finance, LLC (the “Verification Agent”). See “MISCELLANEOUS – Verification of Mathematical Computations.” As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Bonds, the Prior Authority Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Prior Authority Bonds Escrow Agreement, and will cease to be secured by the legal documents under which the Prior Authority Bonds were issued.

*The amounts held by the Escrow Agent in the Prior Authority Bonds Escrow Fund are pledged solely to the payment and redemption of the Prior Authority Bonds, and will not be available for the payment of debt service with respect to the Bonds.*

***Refunding of the Prior CFD Bonds.*** The Authority is also issuing the Bonds to purchase the 2025 Local Obligations. Each of CFD 2003-2 and CFD 2003-4 will deliver a portion of the net proceeds of each respective series of their Local Obligations to the Escrow Agent for deposit in a separate escrow fund (each, a “Prior CFD Bonds Escrow Fund”) established under an Escrow Deposit and Trust Agreement (the “Prior CFD Bonds Escrow Agreement”), entered into among CFD 2003-2, CFD 2003-4 and the Escrow Agent. These funds will be used to pay and redeem, on a current basis, the Prior CFD Bonds as follows:



(a) Prior CFD No. 2003-2 Bonds: A portion of the proceeds of the CFD No. 2003-2 Bonds, together with certain other moneys on hand, will be deposited into a separate account within the applicable Prior CFD Bonds Escrow Fund. The Escrow Agent will apply such funds on September 1, 2025, to (i) pay the principal of and interest on the Prior CFD 2003-2 Bonds maturing on September 1, 2025, and (ii) redeem the Prior CFD 2003-2 Bonds maturing on and after September 1, 2026, at a redemption price equal to the principal amount of the Prior CFD 2003-2 Bonds being redeemed, plus accrued interest to the redemption date, without premium.

(b) Prior CFD No. 2003-4 Bonds: A portion of the proceeds of the CFD No. 2003-4 Bonds, together with certain other moneys on hand, will be deposited into a separate account within the applicable Prior CFD Bonds Escrow Fund. The Escrow Agent will apply such funds on September 1, 2025, to (i) pay the principal of and interest on the Prior CFD 2003-4 Bonds maturing on September 1, 2025, and (ii) redeem the Prior CFD 2003-4 Bonds maturing on and after September 1, 2026, at a redemption price equal to the principal amount of the Prior CFD 2003-4 Bonds being redeemed, plus accrued interest to the redemption date, without premium.

The Escrow Agent will invest certain amounts in the Prior CFD Bonds Escrow Fund in United States Treasury Securities--State and Local Government Series and hold the remainder in cash, uninvested. Sufficiency of the deposits in the Prior CFD Bonds Escrow Fund for those purposes will be verified by the Verification Agent. See "MISCELLANEOUS – Verification of Mathematical Computations." As a result of the deposit of funds with the Escrow Agent on the Closing Date, the Prior CFD Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Prior CFD Bonds Escrow Agreement, and will cease to be secured by the legal documents under which the Prior CFD Bonds were issued.

*The amounts held by the Escrow Agent in the Prior CFD Bonds Escrow Fund are pledged solely to the payment and redemption of the Prior CFD Bonds, and will not be available for the payment of debt service with respect to the 2025 Local Obligations.*

See "— Estimated Sources and Uses of Funds" below.

***Financing of Facilities.*** A portion of the proceeds of the 2025 Local Obligations will be used to provide funds to acquire and construct certain eligible Facilities authorized to be financed by CFD 2003-2 and CFD 2003-4.

## Estimated Sources and Uses of Funds

***The Bonds.*** The anticipated sources and uses of funds relating to the Bonds are as follows:

	<i><b>Total</b></i>
<b>Sources:</b>	
Principal Amount of the Bonds	
[Plus] Original Issue [Premium]	
Less Underwriter's Discount	
<b>Total Sources</b>	
<b>Uses:</b>	
Purchase of 2025 Local Obligations <sup>(1)</sup>	
Deposit to Prior Authority Bonds Escrow Fund <sup>(2)</sup>	
Costs of Issuance <sup>(3)</sup>	
<b>Total Uses</b>	

---

<sup>(1)</sup> A portion of the proceeds of the Bonds will be used to acquire the 2025 Local Obligations. See the sources and uses of funds for the 2025 Local Obligations below.

<sup>(2)</sup> A portion of the proceeds will be used to pay, defease and redeem the Prior Authority Bonds. See “—Purpose of Issue – Redemption and Defeasance of the Prior Authority Bonds” above.

<sup>(3)</sup> The Trustee will retain and deposit in the Costs of Issuance Fund each Taxing Jurisdiction's pro rata share of the costs of issuance of the Bonds.

**Local Obligations.** The anticipated sources and uses of funds relating to the 2025 Local Obligations and prior funds on hand are as follows:

	<b>CFD No. 2003-2 Bonds</b>	<b>CFD No. 2003-4 Bonds</b>	<b>Total</b>
<b>Sources</b>			
Principal Amount			
[Plus/Less] Original Issue [Premium/Discount]			
Plus Prior Funds			
Less Underwriter's Discount			
<b>Total Sources</b>			
<b>Uses</b>			
Prior CFD Bonds Escrow Funds <sup>(1)</sup>			
Improvement Funds <sup>(2)</sup>			
Costs of Issuance <sup>(3)</sup>			
<b>Total Uses</b>			

<sup>(1)</sup> See "FINANCING PLAN—Purpose of Issue—*Refunding of the Prior CFD Bonds.*"

<sup>(2)</sup> See "FINANCING PLAN—Purpose of Issue—*Financing of Facilities.*"

<sup>(3)</sup> Reflects the proportionate share for each of CFD No. 2003- 2 and CFD No. 2003-4 of the costs of issuance of the Bonds, including fees for the Trustee, legal fees, printing costs, rating agency fees, bond insurance and reserve surety premiums and other costs of issuance.

## THE BONDS

### General Provisions

The Bonds will be dated their date of delivery, and the Bonds will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover 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 front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at the registered Owner’s address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer (i) to the Securities Depository (so long as the Bonds are in book-entry form pursuant to the Indenture), or (ii) to an account within the United States made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, which shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner. The Bonds are issued in fully registered form and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple. See the subsection hereof entitled “— Book-Entry Only System.”

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, (b) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (c) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

### Redemption\*

**Optional Redemption.** The Bonds maturing on or before September 1, 2035, are not subject to optional call and redemption prior to maturity. The Bonds maturing on and after September 1, 2036, are subject to optional call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Authority and by lot within a maturity, on any date on or after September 1, 2035, from funds derived by the Authority from any source, at a redemption price equal to the principal amount of the Bonds to be optionally redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Indenture provides that no amount will be deposited to effect an optional redemption pursuant to the Indenture unless the Trustee has first received a certificate of an Independent Financial Consultant to the effect that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes

---

\* Preliminary, subject to change.

that the Community Facilities Districts continue to make timely payment on all Local Obligations not then in default.

***Mandatory Redemption from Redemption of Local Obligations due to Special Tax Prepayments.***

The Bonds are subject to mandatory call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Authority and by lot within a maturity, on any Interest Payment Date, from amounts received by the Authority due to the redemption of Local Obligations from the prepayment of Special Taxes, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
Any Interest Payment Date from March 1, 2026 through and including March 1, 2033	103%
September 1, 2033 and March 1, 2034	102
September 1, 2034 and March 1, 2035	101
September 1, 2035 and any Interest Payment Date thereafter	100

To date, there have been a total of two prepayments of Special Taxes within the Taxing Jurisdictions: in Fiscal Year 2013-14, one parcel in CFD No. 2004-3 prepaid its special taxes and in Fiscal Year 2014-15, one parcel in CFD No. 2003-4 prepaid its special taxes. Within the approximately 40 community facilities districts formed by the School District, there have been a total of five special tax prepayments.

See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

***Mandatory Sinking Payment Redemption.*** The Bonds maturing on September 1, \_\_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, 20\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

\_\_\_\_\_ **Term Bonds**

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

\$

(maturity)

The amounts in the foregoing table will be reduced pro rata as a result of any prior partial optional redemption or partial mandatory redemption of the Bonds pursuant to the Indenture as specified by the Authority to the Trustee.

***Purchase of Bonds In Lieu of Redemption.*** In lieu of any redemption, moneys in the Revenue Fund may be used and withdrawn by the Trustee for purchase of Outstanding Bonds, upon the filing with the Trustee of a Request of the Authority requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such written direction may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of



purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Indenture.

***Selection of Bonds for Redemption.*** Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a single maturity, the Trustee will select the Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Upon surrender of Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner, at the expense of the Authority, a new Bond or Bonds, of authorized denominations equal in aggregate principal amount and maturity to the unredeemed portion of the Bond or Bonds.

***Notice of Redemption.*** So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee only to DTC and not to the Beneficial Owners (as defined in APPENDIX G) of Bonds under the DTC book-entry-only system. Neither the Authority nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system.

The Trustee will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories, to the Information Service, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Trustee; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

Such notice will (i) state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or will state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption; (ii) state as to any Bond called in part the principal amount thereof to be redeemed; (iii) require that the Bonds be then surrendered at the Principal Office of the Trustee for redemption at the said redemption price or such other place of payment as may be designated in said notice; (iv) state that further interest on the Bonds will not accrue from and after the redemption date; and (v) for optional redemption, state whether the redemption notice is conditioned on the availability of funds.

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

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

***Effect of Redemption.*** From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption have been deposited in the Revenue Fund, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon on or 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 Bonds prior to maturity:

- (i) Prepayment of all or part of any Special Taxes within a Taxing Jurisdiction;
- (ii) Redemption of Local Obligations which cause a special mandatory redemption of the Bonds; and
- (iii) Issuance of refunding bonds – pursuant to the Marks-Roos Act, the Authority may issue refunding bonds for the purpose of redeeming the Bonds.

### **Payment, Registration, Transfer and Exchange of Bonds**

***Book-Entry Only System.*** The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix B) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “— Book-Entry Only System.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “— Book-Entry Only System.”

***Transfer of Bonds.*** Subject to the book-entry only provisions of the Indenture, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond will be surrendered for transfer, the Authority will execute and the Trustee will thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. No Bonds selected for redemption will be subject to transfer nor will any Bond be subject to transfer during the fifteen days prior to selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

***Exchange of Bonds.*** Subject to the book-entry only provisions of the Indenture, Bonds may be exchanged at the Principal Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. No Bonds selected for redemption will be subject to exchange pursuant to the Indenture, nor will any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption.

***Temporary Bonds.*** The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same

manner as the definitive Bonds. No Bonds selected for redemption shall be subject to transfer pursuant to the Indenture nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered thereunder.

***Bond Register.*** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and will at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as provided in the Indenture.

***Bonds Mutilated, Lost, Destroyed or Stolen.*** If any Bond becomes mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled by it and delivered to, or upon the order of, the Authority.

If any Bond issued under the Indenture is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it is given, at the expense of the Bond Owner, the Authority will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the Indenture in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

### **Book-Entry Only System**

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and *not* the Beneficial Owners of the Bonds. **The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.**

### Estimated Debt Service Schedules: Bonds and Local Obligations

The following table presents the debt service schedule for the Bonds, assuming there are no redemptions of Bonds prior to maturity:

**TABLE 1**  
**ANNUALIZED DEBT SERVICE SCHEDULE FOR THE BONDS**

<i><b>Year Ending September 1</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total Debt Service</b></i>
2026	\$	\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
<b>Total</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The following table summarizes the anticipated debt service payments to be received by the Authority as the result of its ownership of the Local Obligations, assuming there are no redemptions of Local Obligations prior to their respective maturities:

**TABLE 2**  
**ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS**

<i><b>Bond Year Ending September 1</b></i>	<i><b>CFD No. 2002-4 Bonds</b></i>	<i><b>CFD No. 2002-5 Bonds</b></i>	<i><b>CFD No. 2003-1 Bonds</b></i>	<i><b>CFD No. 2003-2 Bonds</b></i>	<i><b>CFD No. 2003-4 Bonds</b></i>	<i><b>CFD No. 2004-2 Bonds</b></i>	<i><b>CFD No. 2004-3 Bonds</b></i>	<i><b>CFD No. 2004-4 Bonds</b></i>	<i><b>CFD No. 2004-5 Bonds</b></i>	<i><b>CFD No. 2005-2 Bonds</b></i>	<i><b>Total Revenues<sup>(1)</sup></b></i>
2026	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2027											
2028											
2029											
2030											
2031											
2032											
2033											
2034											
2035											
2036											
2037											
2038											
2039											
<b>Total</b>											

<sup>(1)</sup> Equals the total anticipated debt service on the Local Obligations in each Bond Year ending September 1.  
Source: Underwriter.



## Debt Service Coverage for the Local Obligations and the Bonds

Projected Revenues that will be generated by the anticipated payment of debt service on all of the Local Obligations are expected to equal at least 100% of the scheduled payments of principal of and interest on the Bonds while the Bonds are outstanding, as shown in Table 13. According to the Special Tax Consultant, and as shown in the following tables, based on the annual debt service for the Local Obligations, with respect to each Taxing Jurisdiction, commencing in Fiscal Year 2026-27, the Special Taxes levied at the Annual Assigned Special Tax rates under the related Rate and Method (as defined below), less estimated Administrative Expenses and assuming no delinquencies, plus anticipated transfers from the Authority Surplus Fund, will generate in each Fiscal Year not less than 110% of debt service payable with respect to each related series of Local Obligations. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” However, under the Mello-Roos Act, under no circumstances may Special Taxes levied against any parcel of property used for private residential purposes in a Taxing Jurisdiction be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcel within in such Taxing Jurisdiction. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

The following tables present the debt service coverage for the Local Obligations, assuming no redemptions are made (except for mandatory sinking fund redemption).

**TABLE 3**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-4 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2002-4 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$193,941	\$13,427	\$207,368	\$180,675	114.77%
2027	193,941	15,031	208,972	180,050	116.06
2028	193,941	14,684	208,625	180,063	115.86
2029	193,941	14,825	208,766	178,813	116.75
2030	193,941	14,444	208,386	177,250	117.57
2031	193,941	14,826	208,767	180,375	115.74
2032	193,941	16,359	210,300	177,875	118.23
2033	193,941	14,946	208,887	180,063	116.01
2034	193,941	14,536	208,477	176,625	118.03
2035	193,941	14,666	208,607	177,875	117.28
2036	193,941	14,785	208,726	178,500	116.93
2037	193,941	14,418	208,359	178,500	116.73

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 4**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2002-5 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$471,396	\$33,830	\$505,226	\$458,350	110.23%
2027	471,396	38,131	509,527	454,875	112.01
2028	471,396	37,096	508,492	458,400	110.93
2029	471,396	37,741	509,137	458,550	111.03
2030	471,396	37,042	508,438	457,875	111.04
2031	471,396	38,299	509,695	456,375	111.68
2032	471,396	41,390	512,786	459,050	111.71
2033	471,396	38,571	509,967	455,625	111.93
2034	471,396	36,781	508,177	456,375	111.35
2035	471,396	37,894	509,290	456,025	111.68
2036	471,396	37,904	509,300	459,575	110.82
2037	471,396	37,122	508,518	456,750	111.33

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 5**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2003-1 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$181,999	\$13,050	\$195,048	\$175,950	110.85%
2027	181,999	14,637	196,636	175,725	111.90
2028	181,999	14,331	196,329	171,225	114.66
2029	181,999	14,097	196,096	170,725	114.86
2030	181,999	13,791	195,790	174,950	111.91
2031	181,999	14,634	196,632	173,625	113.25
2032	181,999	15,747	197,745	172,025	114.95
2033	181,999	14,454	196,453	175,150	112.16
2034	181,999	14,139	196,138	172,725	113.55
2035	181,999	14,342	196,340	175,025	112.18
2036	181,999	14,548	196,546	171,775	114.42
2037	181,999	13,875	195,874	173,250	113.06

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 6**  
**IMPROVEMENT AREA NO. A OF**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-2**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2003-2 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$713,758	\$51,601	\$765,359	\$698,346	109.60%
2027	713,758	58,096	771,854	697,250	110.70
2028	713,758	56,863	770,621	697,000	110.56
2029	713,758	57,385	771,143	695,750	110.84
2030	713,758	56,203	769,961	698,500	110.23
2031	713,758	58,426	772,184	695,000	111.11
2032	713,758	63,032	776,790	695,500	111.69
2033	713,758	58,439	772,197	694,750	111.15
2034	713,758	56,085	769,843	697,750	110.33
2035	713,758	57,936	771,694	699,250	110.36
2036	713,758	58,121	771,879	699,250	110.39
2037	713,758	56,481	770,240	699,283	110.15
2038	713,758	55,066	768,824	699,065	109.98
2039	713,758	45,858	759,617	694,925	109.31

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 7**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-4 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2003-4 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$201,177	\$14,352	\$215,528	\$196,038	109.94%
2027	201,177	16,309	217,485	188,750	115.22
2028	201,177	15,393	216,570	188,500	114.89
2029	201,177	15,519	216,696	188,000	115.26
2030	201,177	15,187	216,363	187,250	115.55
2031	201,177	15,662	216,839	191,250	113.38
2032	201,177	17,345	218,522	189,750	115.16
2033	201,177	15,944	217,120	188,000	115.49
2034	201,177	15,177	216,353	191,000	113.27
2035	201,177	15,859	217,036	188,500	115.14
2036	201,177	15,668	216,845	190,750	113.68
2037	201,177	15,408	216,584	187,500	115.51
2038	201,177	14,765	215,942	189,000	114.25

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 8**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2004-2 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$337,928	\$23,819	\$361,747	\$322,370	112.21%
2027	337,928	26,818	364,746	318,090	114.67
2028	337,928	25,941	363,869	320,170	113.65
2029	337,928	26,360	364,288	320,020	113.83
2030	337,928	25,851	363,779	319,290	113.93
2031	337,928	26,707	364,634	317,980	114.67
2032	337,928	28,839	366,766	321,090	114.23
2033	337,928	26,979	364,907	318,330	114.63
2034	337,928	25,698	363,625	319,990	113.64
2035	337,928	26,570	364,497	320,780	113.63
2036	337,928	26,663	364,591	320,700	113.69
2037	337,928	25,904	363,832	319,750	113.79
2038	337,928	25,179	363,107	320,250	113.38

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in

the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.  
Source: KeyAnalytics.

**TABLE 9**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-3 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2004-3 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$320,307	\$23,039	\$343,346	\$307,135	111.79%
2027	320,307	25,551	345,858	308,465	112.12
2028	320,307	25,156	345,463	311,085	111.05
2029	320,307	25,612	345,919	311,395	111.09
2030	320,307	25,155	345,462	306,195	112.82
2031	320,307	25,612	345,919	310,740	111.32
2032	320,307	28,182	348,489	309,520	112.59
2033	320,307	26,007	346,314	307,790	112.52
2034	320,307	24,847	345,154	310,550	111.14
2035	320,307	25,786	346,093	307,545	112.53
2036	320,307	25,563	345,870	309,030	111.92
2037	320,307	24,962	345,269	309,750	111.47

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.



**TABLE 10**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-4 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2004-4 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$195,210	\$13,254	\$208,464	\$178,550	116.75%
2027	195,210	14,854	210,064	178,150	117.91
2028	195,210	14,529	209,739	178,400	117.57
2029	195,210	14,688	209,898	182,400	115.08
2030	195,210	14,734	209,944	180,800	116.12
2031	195,210	15,123	210,333	178,900	117.57
2032	195,210	16,225	211,435	181,700	116.36
2033	195,210	15,267	210,477	178,900	117.65
2034	195,210	14,442	209,652	180,800	115.96
2035	195,210	15,012	210,222	177,100	118.70
2036	195,210	14,720	209,930	178,100	117.87
2037	195,210	14,386	209,596	178,500	117.42

\* *Preliminary, subject to change.*

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 11**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2004-5 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$346,113	\$24,148	\$370,261	\$326,588	113.37%
2027	346,113	27,169	373,282	327,055	114.13
2028	346,113	26,672	372,785	328,558	113.46
2029	346,113	27,050	373,163	327,795	113.84
2030	346,113	26,479	372,592	326,418	114.15
2031	346,113	27,303	373,416	324,425	115.10
2032	346,113	29,423	375,536	326,818	114.91
2033	346,113	27,460	373,573	328,288	113.79
2034	346,113	26,502	372,614	323,835	115.06
2035	346,113	26,889	373,001	328,768	113.45
2036	346,113	27,327	373,439	327,470	114.04
2037	346,113	26,451	372,564	325,250	114.55
2038	346,113	25,612	371,725	325,500	114.20

\* *Preliminary, subject to change.*

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

**TABLE 12**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2 OF**  
**THE MENIFEE UNION SCHOOL DISTRICT**  
**ESTIMATED DEBT SERVICE COVERAGE\***

<i>Year Ending (September 1)</i>	<i>Net Special Tax Levy<sup>(1)</sup></i>	<i>Transfer from Authority Surplus Fund to Special Tax Fund<sup>(2)</sup></i>	<i>Total Net Revenue</i>	<i>Debt Service on CFD No. 2005-2 Local Obligation</i>	<i>Estimated Debt Service Coverage</i>
2026	\$362,814	\$24,693	\$387,508	\$328,625	117.92%
2027	362,814	27,339	390,153	329,093	118.55
2028	362,814	26,838	389,653	330,595	117.86
2029	362,814	27,218	390,033	329,833	118.25
2030	362,814	26,644	389,458	333,455	116.79
2031	362,814	27,892	390,706	331,155	117.98
2032	362,814	30,034	392,848	333,240	117.89
2033	362,814	28,000	390,814	329,403	118.64
2034	362,814	26,592	389,406	329,950	118.02
2035	362,814	27,397	390,211	329,575	118.40
2036	362,814	27,394	390,208	333,278	117.08
2037	362,814	26,920	389,735	330,750	117.83
2038	362,814	26,045	388,860	330,750	117.57

\* Preliminary, subject to change.

(1) Total Special Taxes levied less Administrative Expense Requirement.

(2) Amounts of coverage include amounts transferred by the Trustee to the Fiscal Agent from the Surplus Fund which are deposited in the Special Tax Fund and not transferred to the Special Tax Remainder Account, until such time as amounts in the Special Tax Fund are sufficient to pay debt service on the Local Obligations in the current bond year, to make transfers, if any, required to the Reserve Fund to pay Administrative Expenses as directed in writing by an authorized officer.

Source: KeyAnalytics.

The Local Obligations mature on different dates, and have different debt service profiles. Consequently, the source of security for debt service on the Bonds, and the concentration of the Revenues derived from the different Taxing Jurisdictions, will change over time as the Bonds mature, as shown in Table 13. Table 13 also presents the debt service coverage for the Bonds, assuming no redemptions are made (except for mandatory sinking fund redemption).

**TABLE 13**  
**SCHEDULED ANNUAL DEBT SERVICE COVERAGE ON THE LOCAL OBLIGATIONS**

<i>Year Ending (September 1)</i>	<i>Aggregate Local Obligation Debt Service<sup>*(1)</sup></i>	<i>Authority Bonds Debt Service<sup>*</sup></i>	<i>Debt Service Coverage from Local Obligations<sup>*</sup></i>
2026	\$ 3,172,626	\$ 2,908,692	109.07%
2027	3,157,503	2,900,000	108.88
2028	3,163,995	2,903,500	108.97
2029	3,163,280	2,907,750	108.79
2030	3,161,983	2,897,500	109.13
2031	3,159,825	2,873,250	109.97
2032	3,166,568	2,900,500	109.17
2033	3,156,298	2,901,500	108.78
2034	3,159,600	2,897,250	109.06
2035	3,160,443	2,897,750	109.07
2036	3,168,428	2,912,500	108.79
2037	3,159,283	2,910,500	108.55
2038	1,864,565	1,742,250	107.02
2039	<u>694,925</u>	<u>645,750</u>	<u>107.62</u>
Total	\$ 40,509,318	\$ 37,198,692	108.90

<sup>\*</sup> Preliminary, subject to change.

<sup>(1)</sup> See Table 2.

Source: KeyAnalytics.

## **SECURITY FOR THE BONDS**

### **General**

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Bonds are secured by a first lien on and pledge of all of the Revenues and all moneys deposited and held from time to time by the Trustee in the funds and accounts established pursuant to the Indenture, other than the Costs of Issuance Fund and the Surplus Fund. The Bonds are equally secured by a pledge, charge and lien upon the Revenues and such funds, without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof are secured by an exclusive pledge, charge and lien upon the Revenues and such funds.

Under the Indenture, the Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Trustee will be entitled to and will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

The Trustee also shall be entitled to and subject to the provisions of this Indenture, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Districts under the Local Obligations.

Revenues consist primarily of all payments received by the Authority pursuant to the Local Obligations and all investment income with respect to moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds, other than the Surplus Fund.

The Local Obligations are secured by a pledge of and lien on the Net Special Taxes with respect to each Taxing Jurisdiction, all as further described herein.

Each series of Local Obligations is an independent obligation and the security for one series of Local Obligations does not constitute security for another series of Local Obligations. The Net Special Taxes used to pay debt service on one series of Local Obligations are not available to pay debt service on the other series of Local Obligations. The aggregate payments due on each series of Local Obligations are scheduled to be sufficient, in the aggregate, to pay the principal of, premium, if any, and interest on, the Bonds, as they become due. A default in the payment of any series of Local Obligations may result in insufficient Revenues with which to pay the principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS — Revenue Fund" and "SPECIAL RISK FACTORS."

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED THEREFOR IN THE INDENTURE AND FROM AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS UNDER THE INDENTURE OTHER THAN THE COSTS OF ISSUANCE FUND, THE REBATE FUND, THE PURCHASE FUND AND THE SURPLUS FUND. THE BONDS ARE NOT A DEBT OF THE COMMUNITY FACILITY DISTRICTS, THE SCHOOL DISTRICT, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AUTHORITY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE SCHOOL DISTRICT, THE COMMUNITY FACILITY DISTRICTS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. NONE OF THE SCHOOL DISTRICT, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE FOR THE PAYMENT OF THE BONDS.



OWNERSHIP OF THE BONDS IS SUBJECT TO RISK. POTENTIAL INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION OF THIS OFFICIAL STATEMENT CAPTIONED "SPECIAL RISK FACTORS."

### **Revenue Fund; Flow of Funds**

The Trustee will establish and maintain a separate trust fund to be known as the "Revenue Fund" and the following separate accounts therein: the "Interest Account," the "Principal Account" and the "Special Tax Bonds Prepayment Account."

All Revenues consisting of amounts received from the Community Facilities Districts pursuant to any Local Obligations will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

Any Revenues which represent the payment of delinquent principal of or interest on a series of Local Obligations will immediately be deposited in the Reserve Fund to the extent necessary to replenish the Reserve Requirement, with any amount in excess of that needed for such replenishment remaining in the Revenue Fund.

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

(i) *Interest Account.* On each Interest Payment Date and redemption date, the Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due or becoming due and payable on such Interest Payment Date on the Bonds or to be paid on the Bonds being redeemed on such date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon the Bonds on the next succeeding Interest Payment Date or redemption date, as applicable. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any of the Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date or redemption date, after any transfers from the Reserve Fund pursuant to the Indenture, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Bonds, the Trustee will apply such amounts to the payment of interest on each of the Bonds on a pro rata basis.

(ii) *Principal Account.* On each Interest Payment Date and redemption date on which the principal of the Bonds is payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date pursuant to the Indenture; *provided, however*, that no amount will be deposited to effect an optional redemption pursuant to the Indenture unless the Trustee has first received a certificate of an Independent Financial Consultant to the effect that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the Districts continue to make timely payment on all Local Obligations not then in default. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of:

- (a) paying the principal of the Bonds at the maturity thereof,
- (b) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof pursuant to the Indenture, or

(c) paying the principal of and premium (if any) on any of the Bonds upon the optional redemption thereof pursuant to the Indenture.

If the amounts on deposit in the Principal Account on any Interest Payment Date or date of redemption, after any transfers from the Reserve Fund, pursuant to the Indenture, are insufficient for any reason to pay the aggregate principal amount of, and premium (if any) on, the Bonds then coming due and payable (whether at maturity or upon the redemption thereof), the Trustee will apply such amounts in the following order of priority: first, to the payment of the principal of the Bonds which mature by their terms on such Interest Payment Date, and second, to the payment of the principal of the Bonds to be redeemed through mandatory sinking payment redemption pursuant to the Indenture, in each case on a pro rata basis.

(iii) *Special Tax Bonds Prepayment Account.* All funds received by the Authority from the prepayment of a series of Local Obligations due to prepayments of the Special Taxes will be deposited in the Special Tax Bonds Prepayment Account to redeem Bonds pursuant to the Indenture.

(iv) *Reserve Fund.* On each Interest Payment Date, the Trustee will transfer from the Revenue Fund an amount sufficient (A) first, to reimburse the Bond Insurer for any advances made by it under the Reserve Policy, as provided therein and in the Reserve Agreement and for all other Policy Costs as set forth in the Indenture, and (B) second, if any remaining portion of the Reserve Requirement is satisfied in cash, to restore the balance of the Reserve Fund to the Reserve Requirement.

(v) *Amounts due to the Bond Insurer.* Following the foregoing deposits, any amounts remaining will be utilized to pay to the Bond Insurer any amounts owed to it but not paid pursuant to the foregoing subsections.

If on any Interest Payment Date, the amount on deposit in the Revenue Fund is inadequate to make the transfers described in the preceding paragraph as a result of a payment default on a series of Local Obligations, the Trustee will immediately notify the Authority of the amount needed to make the required deposits required above. If, following such notice, the Trustee receives additional payments from the Community Facilities Districts to cure such shortfall, the Trustee will deposit such amounts to the Revenue Fund for application as set forth above.

On September 2 of each year, after making the deposits and payments required under the preceding paragraphs, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund.

### **Costs of Issuance Fund**

The Indenture provides that the Trustee will establish and maintain a fund to be held by the Trustee known as the "Costs of Issuance Fund" into which will be deposited the amounts as provided in the Indenture. The moneys in the Costs of Issuance Fund will be used to pay Costs of Issuance from time to time upon receipt of a Request of the Authority in the form attached to the Indenture. On the date which is 180 days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee will transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer the Costs of Issuance Fund will be closed. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts.

## **Purchase Fund**

The Trustee will establish and maintain a separate fund to be known as the “Purchase Fund” into which will be deposited the net proceeds of sale of the Bonds as provided in the Indenture. The Trustee will use the proceeds of the Bonds to purchase the Local Obligations on the date of issuance of the Bonds. Upon receipt of the Local Obligations, the Trustee will deposit the Local Obligations in the Revenue Fund.

## **Reserve Fund and Reserve Fund Accounts**

As provided in the Indenture, the Trustee will establish and maintain a separate trust fund to be known as the “Reserve Fund” and within the Reserve Fund, separate accounts with respect to each Taxing Jurisdiction (each a “Reserve Fund Account,” and together the “Reserve Fund Accounts”). There will be maintained in the Reserve Fund an amount equal to the Reserve Requirement.

The Reserve Requirement will be allocated among the Reserve Fund Accounts on a pro rata basis based on the then-outstanding amounts of the Local Obligations. Any cash amounts on deposit in the Reserve Fund Accounts of the Reserve Fund will be allocated among such Reserve Fund Accounts on a pro rata basis based on the then-outstanding amounts of the Local Obligations. As indicated above, the Reserve Requirement will initially be satisfied through the deposit of the Reserve Policy, having a stated maximum amount equal to the Reserve Requirement.

If the amount of the Reserve Requirement is reduced because of the payment at maturity or partial redemption of the Bonds, the Trustee will, at the written direction of the Authority, adjust the balance in any Reserve Fund Account, provided that the total amount held in the accounts of the Reserve Fund equals the Reserve Requirement.

Available amounts in the Reserve Fund will be used solely for the purposes set forth as provided in the Indenture.

Draws on the Reserve Fund for payment of the Bonds may only be replenished, or reimbursed to due to a draw on the Reserve Policy, from Special Taxes received from the Taxing Jurisdiction corresponding to the deficiency in payment of the series of Local Obligations that caused the draw; there is no requirement that Special Taxes of a District be used to replenish a draw on the Reserve Policy attributable to deficiency attributable to another Taxing Jurisdiction.

Amounts transferred in connection with a redemption or a defeasance of Bonds shall be transferred from the Reserve Fund Account of the Reserve Fund established for each Taxing Jurisdiction that caused such redemption or defeasance through a redemption of its respective series of Local Obligations. Any amounts in the Reserve Fund in excess of what the Reserve Requirement will be following an optional redemption, special mandatory redemption or partial defeasance of the Bonds shall be applied toward the optional redemption, special mandatory redemption or defeasance of the Bonds, as applicable.

If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Bonds when due, the Trustee shall withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account, as applicable, moneys necessary for such purposes in the following priority and subject to the following limitations: any cash deposited in the Reserve Fund shall be used first for such transfers to the Interest Account and Principal Account, and only in the event of the unavailability of such moneys, the Reserve Policy shall be drawn upon by the Trustee for such purposes. The Authority will repay any draws under the Reserve Policy and related reasonable expenses incurred by the Bond Insurer in accordance with the Reserve Agreement and the Indenture.

See APPENDIX B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” for further details regarding the administration of the Reserve Fund.

### **Surplus Fund**

As provided in the Indenture, the Trustee will establish and maintain a separate fund to be known as the “Surplus Fund” which will be administered as provided in the Indenture.

Amounts in the Surplus Fund will no longer be considered Revenues and are not pledged to repay the Bonds.

So long as any of the Local Obligations are outstanding under the terms of the Local Obligation Fiscal Agent Agreements, on September 2 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses (which will be paid by the Trustee upon receipt of a Request of the Authority), the remaining balance in the Surplus Fund will be transferred by the Trustee to the applicable Fiscal Agent in the amounts as set forth in a Request of the Authority for credit to the Special Tax Funds of the Taxing Jurisdiction established under each respective Local Obligation Fiscal Agent Agreement and held by each Fiscal Agent; provided, however, that if any Community Facilities District is in default in the payment of debt service on its respective Local Obligation, the amount to be transferred to the Fiscal Agent with respect to that Local Obligation will be reduced by the amount of such deficiency until such time as the delinquency on the Local Obligation is cured.

See APPENDIX B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” for further details regarding the administration of the Surplus Fund.

### **Authority Compliance with Tax Covenants**

The Authority will covenant in the Indenture that it will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

### **No Additional Bonds Except to Refund Bonds**

The Authority may from time to time issue additional Bonds but only to refund and discharge the Bonds or any portion thereof in accordance with the Marks-Roos Act. Any additional Bonds will constitute Bonds under and will be secured by a lien on the Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Outstanding Bonds.

## **BOND INSURANCE**

*The information under this caption has been prepared by Build America Mutual Assurance Company (the “Bond Insurer” or “BAM”) for inclusion in this Official Statement. Neither the Authority nor the Underwriter has reviewed this information, nor do such entities make any representation with respect to the accuracy or completeness thereof or any information incorporated by reference. Reference is made to Appendix H for a specimen of the Policy.*

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, BAM will issue the Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy set forth in Appendix H.

## **Build America Mutual Assurance Company**

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

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

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

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

**Capitalization of BAM.** BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

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

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

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

### ***Additional Information Available from BAM.***

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

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

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

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

## **SECURITY FOR THE LOCAL OBLIGATIONS**

### **General**

Each series of Local Obligations is secured by a first pledge (effected in the manner and to the extent provided in each applicable Local Obligation Fiscal Agent Agreement) of all of the Net Special Taxes and all moneys deposited in the Bond Fund and, until disbursed as provided therein, in the Special Tax Fund.

The Net Special Taxes and all moneys deposited into said funds (except as otherwise provided in each applicable Local Obligation Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, Local Obligations as provided in each applicable Local Obligation Fiscal Agent Agreement and in the Act until all of applicable series of Local Obligations have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with each applicable Local Obligation Fiscal Agent Agreement.

Amounts in the Administrative Expense Fund and the Improvement Fund are not pledged to the repayment of the Local Obligations. The facilities acquired with the proceeds of the Local Obligations are not in any way pledged to pay the Debt Service on the Local Obligations. Any proceeds of condemnation or destruction of any facilities financed with the proceeds of the Local Obligations are not pledged to pay the Debt Service on the Local Obligations and are free and clear of any lien or obligation imposed under each applicable Local Obligations Fiscal Agent Agreement.

The “Special Taxes” for each Taxing Jurisdiction are levied and collected according to the rate and method of apportionment (each, a “Rate and Method”) established for such Taxing Jurisdiction. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” and Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

**The Local Obligations are not cross-collateralized. In other words, Special Taxes collected in one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, the Reserve Fund and the Reserve Fund Accounts therein held by the Trustee and collectively funded at the Reserve Requirement will be available in the event of delinquent Revenues. See “SECURITY FOR THE BONDS — Reserve Fund and Reserve Fund Accounts” herein.**

**Except for the foregoing, no other taxes are pledged to the payment of the Local Obligations. The Local Obligations are not general or special obligations of the School District nor general obligations of the Community Facilities Districts, but are limited obligations of the Community Facilities Districts payable solely from amounts deposited in certain funds established under the applicable Local Obligation Fiscal Agent Agreement, as more fully described herein. The Authority, as Owner of the Local Obligations, may not compel the exercise of the taxing power by the Community Facilities Districts (except as pertains to the Special Taxes) or the School District or the forfeiture of any of their property. The principal of and interest on the Local Obligations and premiums upon the redemption thereof, if any, are not a debt of the School District, the Authority, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.**

The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes; provided, however, that the School District may directly bill the Special Tax within the applicable Taxing Jurisdiction, and may collect Special Taxes at a different time or in a different manner as determined by the Governing Board.

Under the Mello-Roos Act under no circumstances will the Special Taxes levied against any parcel in a Taxing Jurisdiction for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel within such Taxing Jurisdiction. Therefore, even though the maximum Special Tax rates may allow for Special Tax increases greater than 10%, in the event of high delinquencies in a Taxing Jurisdiction, the School District may not increase the Special Taxes in such Taxing Jurisdiction in the fiscal year following such delinquencies by more than 10% on the residential units. See “SPECIAL RISK FACTORS — Special Tax Delinquencies.”

## **Special Taxes**

The levy of the Special Taxes was authorized by the landowners within the territory included in each Taxing Jurisdiction, as the then qualified electors of the Taxing Jurisdiction, at special elections. A notice of Special Taxes with respect to each applicable Rate and Method has been recorded in the Official Records of the County and each Community Facilities District adopted one or more ordinances authorizing the levy of Special Taxes of the corresponding Taxing Jurisdiction (collectively, the “Ordinances”).

The Local Obligations are secured by, among other things, a pledge of the Net Special Taxes received with respect to the Taxing Jurisdiction, and pledged to repay such Local Obligations, and by moneys in the applicable Local Obligation Bond Fund established under the respective Local Obligation Fiscal Agent Agreement.

Each Community Facilities District has covenanted in the corresponding Local Obligations Fiscal Agent Agreement to levy the Special Taxes in each Fiscal Year that the applicable series of Local Obligations are outstanding. The Special Taxes are to be apportioned, levied and collected according to the applicable Rate and Method approved by the qualified electors of each Taxing Jurisdiction. The Special Taxes will be levied each year in accordance with the applicable Rate and Method, including amounts sufficient to cover debt service on the Local Obligations and to pay Administrative Expenses. See APPENDIX A and APPENDIX D hereto.

The following table provides information regarding the Fiscal Year 2024-25 Special Tax Levy with respect to each Taxing Jurisdiction.

**Table 14**  
**Menifee Union School District Public Financing Authority**  
**Special Tax Revenue Bonds, 2025 Series A**  
**Combined Fiscal Year 2024-25 Special Tax Levy**

<i><b>Taxing Jurisdiction</b></i>	<i><b>Parcels Levied</b></i>	<i><b>Fiscal Year 2024-25 Special Taxes Levied</b></i>	<i><b>Fiscal Year Levy as Percent of Total</b></i>
CFD No. 2002-4	218	\$ 213,941.26	6.07%
CFD No. 2002-5	310	491,396.00	13.94
CFD No. 2003-1	109	201,998.56	5.73
CFD No. 2003-2 IA A	715	733,758.12	20.82
CFD No. 2003-4	227	221,176.60	6.28
CFD No. 2004-2	146	357,927.64	10.16
CFD No. 2004-3	153	340,307.22	9.66
CFD No. 2004-4	99	215,209.94	6.11
CFD No. 2004-5	178	366,112.56	10.39
CFD No. 2005-2	<u>178</u>	<u>382,814.30</u>	<u>10.86</u>
<b>Total</b>	<b>2,333</b>	<b>\$ 3,524,642.20</b>	<b>100.00%</b>

---

Source: KeyAnalytics.

The levies of Special Taxes are subject to certain limitations. For example, certain properties are exempt from the Special Tax pursuant to law or the applicable Rate and Method for each Taxing Jurisdiction. In addition, the annual levy of Special Taxes on each parcel within each Taxing Jurisdiction, is constrained by the maximum Special Tax rate applicable to such parcel. See APPENDIX D hereto.

The amount of the Special Taxes that can be levied and collected in future years will be dependent upon, among other factors, then existing development, the Special Tax rates imposed and the level of delinquent Special Tax installments. Generally, each Community Facilities District levies on Developed Property at the applicable Assigned Annual Special Tax (as such term is defined in the applicable Rate and Method). A portion of the Assigned Annual Special Tax for Developed Property may be utilized for acquisition and/or construction of authorized facilities, or the refinancing thereof. See APPENDIX A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” for the Fiscal Year 2024-25 Assigned Annual Special Tax rates within each Taxing Jurisdiction.

In the event a Community Facilities District was to levy Special Taxes on Developed Property at less than the Assigned Annual Special Tax, pursuant to Section 53321 of the Act and a resolution adopted by such Community Facilities 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 a Community Facilities District, 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 “SPECIAL RISK FACTORS” herein.



The Special Taxes imposed by each Community Facilities District are customarily billed with *ad valorem* property taxes and collected by the County. When received, such Special Taxes will be transferred by each Community Facilities District to the applicable Fiscal Agent and deposited by such Fiscal Agent in the applicable Special Tax Fund with respect to the applicable series of Local Obligations to be held as specified in “*Special Tax Fund*” below.

Although the Special Tax, when levied, will constitute a lien on parcels subject to taxation within each Taxing Jurisdiction, it does not constitute a personal indebtedness of the owners of property within such Taxing Jurisdiction. There is no assurance that the owners of real property in the Taxing Jurisdiction, will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See “SPECIAL RISK FACTORS — Payment of the Special Tax is not a Personal Obligation of the Owners” herein.

### **Local Obligation Fiscal Agent Agreements**

***Bond Fund.*** As provided in each Local Obligation Fiscal Agent Agreement, a Bond Fund is established with respect to each series of Local Obligations as a separate fund to be held by the Fiscal Agent, to the credit of which deposits will be made, and any other amounts required to be deposited therein by such Local Obligation Fiscal Agent Agreement or the Act.

There is also created in each Bond Fund an account held by the Fiscal Agent and designated as the “Special Tax Prepayments Account,” to the credit of which deposits will be made as provided in such Local Obligation Fiscal Agent Agreement.

Moneys in each Bond Fund and the account therein will be held in trust by the Fiscal Agent for the benefit of the Owners of the applicable series of Local Obligations, will be disbursed for the payment of the principal of, and interest and any premium on, the applicable series of Local Obligations as provided below, and, pending such disbursement, will be subject to a lien in favor of the Owners of such series of Local Obligations.

***Bond Fund Disbursements.*** On each Interest Payment Date, the Fiscal Agent shall withdraw from each Bond Fund and pay to the Owners of the applicable series of Local Obligations the principal, and interest and any premium, then due and payable on the applicable series of Local Obligations, including any amounts due on the applicable series of Local Obligations by reason of the sinking payments or a mandatory redemption of the applicable series of Local Obligations from Special Tax prepayments, such payments to be made in the following order of priority: first to the payment of interest on the applicable series of Local Obligations, then to the payment of principal due on the applicable series of Local Obligations other than by reason of sinking payments, and then to payment of principal due on the applicable series of Local Obligations by reason of sinking payments. If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make all of the foregoing payments, the Fiscal Agent shall apply the available funds in the foregoing order of priority. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

***Special Tax Prepayments Account Disbursements.*** Moneys in each Special Tax Prepayments Account for the applicable series of Local Obligations will be transferred by the Fiscal Agent to the applicable Bond Fund on the next date for which notice of redemption can timely be given for redemption of applicable series of Local Obligations, and notice to the Fiscal Agent can timely be given, and will be used to redeem applicable Local Obligations on the redemption date selected, all as provided in such Local Obligation Fiscal Agent Agreement.

Moneys in each Bond Fund and the accounts therein will be invested as provided in such Local Obligation Fiscal Agent Agreements. Interest earnings and profits resulting from the investment of amounts in each Bond Fund and the accounts therein will be retained in the applicable Bond Fund and each respective account, to be used for purposes of such fund and accounts.

***Special Tax Fund.*** As provided in each Local Obligation Fiscal Agent Agreement, a Special Tax Fund is established as a separate fund to be held by the Fiscal Agent with respect to each series of Local Obligations, to the credit of which the Community Facilities District will cause all Special Taxes received by such Community Facilities District to be deposited; provided that any proceeds of Special Tax Prepayments will be transferred by an Authorized Officer to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account established for the applicable Taxing Jurisdiction. In addition, the Fiscal Agent will deposit in the Special Tax Fund the amounts transferred from the Trustee from the Surplus Fund.

Moneys in each Special Tax Fund will be held in trust by the Fiscal Agent for the benefit of each Community Facilities District and the Owners of the applicable Local Obligations. From time to time as needed to pay the obligations of the Community Facilities District, but no later than 15 Business Days before each Interest Payment Date, the Fiscal Agent will withdraw from each Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the applicable Administrative Expense Fund an amount, up to the Administrative Expense Requirement, that an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund for payment of Administrative Expenses;

(ii) to the applicable Bond Fund an amount, taking into account any amounts then on deposit in such Bond Fund, including any expected transfers from the applicable Improvement Fund and the applicable Special Tax Prepayments Account to the applicable Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date;

(iii) to the Reserve Fund Account established for the applicable series of Local Obligations under the Indenture, amounts representing (a) collections of any delinquent Special Taxes, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, and (b) any amounts necessary to comply with the covenant to reimburse the Bond Insurer under the Local Obligation Fiscal Agent Agreements; and

(iv) to the applicable Administrative Expense Fund the amount of Administrative Expenses in excess of the amount previously transferred thereto pursuant to (i) above, as directed in writing by an Authorized Officer.

No later than 15 Business Days before each Interest Payment Date, the Fiscal Agent shall notify the Trustee, the Authority and the Bond Insurer (at their respective notice addresses set forth in the Local Obligation Fiscal Agent Agreements and/or the Indenture) if amounts on deposit in the Special Tax Fund are insufficient to make the transfers set forth above.

The amounts the Authorized Officer directs the Fiscal Agent to transfer from time to time to the Administrative Expense Fund will not exceed, in any Fiscal Year, the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses.

At any time following the deposit of Special Taxes in an amount sufficient to make payment of all of the foregoing deposits for the current Bond Year, and any amounts necessary to comply with the covenant to reimburse the Bond Insurer, any amounts in excess of such amounts remaining in the Special Tax Fund shall, upon the written direction of an Authorized Officer, be transferred by the Fiscal Agent to the Special Tax

Remainder Account to be used for any lawful purpose under the Act and released upon the written direction of an Authorized Officer.

In the absence of such written direction, all amounts remaining in the Special Tax Fund on the first day of the succeeding Bond Year shall be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service; provided however, that in no event shall such amounts be invested at a yield in excess of the yield on the applicable series of Local Obligations.

Moneys in each Special Tax Fund will be invested in accordance with each Local Obligation Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit will be retained in the applicable Special Tax Fund to be used for the purposes thereof.

***Special Tax Prepayments.*** Special Tax prepayments received by a Community Facilities District (net of any costs of collection) will be transferred to the Fiscal Agent for deposit by the Fiscal Agent in the applicable Special Tax Prepayments Account. The Prepaid Special Taxes will be held in trust in the applicable Prepayment Account for the benefit of the Owners and will be transferred by the Fiscal Agent to the Bond Fund to redeem the applicable series of Local Obligations in accordance with the special mandatory redemption provisions as set forth in each Local Obligation Fiscal Agent Agreement.

To date, there have been a total of two prepayments within the Taxing Jurisdictions. See the caption "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources" for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

***Administrative Expense Fund.*** As provided in each Local Obligation Fiscal Agent Agreement, the Administrative Expense Fund is established for each series of Local Obligations as a separate fund to be held by the Fiscal Agent to the credit of which deposits will be made. Moneys in each Administrative Expense Fund will be held in trust by the Fiscal Agent for the benefit of the Community Facilities District, and will be disbursed as provided below. *Moneys in each Administrative Expense Fund are not pledged to the repayment of the Bonds.*

Amounts in each Administrative Expense Fund will be withdrawn by the Fiscal Agent and paid to the Community Facilities District or pursuant to its order upon receipt by the Fiscal Agent of requisition by the Community Facilities District.

Moneys in each Administrative Expense Fund will be invested in accordance with the respective Local Obligation Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Fiscal Agent in the applicable Administrative Expense Fund to be used for the purposes thereof.

***Improvement Fund.*** Each Local Obligation Fiscal Agent Agreement also creates an Improvement Fund into which certain proceeds of the applicable Local Obligations will be deposited. Moneys in each Improvement Fund shall be held in trust by the Fiscal Agent for the benefit of the applicable Community Facilities District and shall be disbursed for the payment or reimbursement of costs of the Facilities.

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

Each Community Facilities District may from time to time issue additional local obligations ("Parity Local Obligations") but only to refund and discharge the applicable series of existing Local Obligations or any portion thereof in accordance with the Act. Any additional Parity Local Obligations shall be secured by a lien on the Net Special Taxes and funds pledged for the payment of such Parity Local Obligations shall be on a

parity with all other outstanding Local Obligations under the applicable Local Obligation Fiscal Agent Agreement.

### **Priority of Lien**

Each installment of the Special Taxes and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes and any other community facilities district special taxes. See “THE TAXING JURISDICTIONS — The Taxing Jurisdictions in the Aggregate” herein.

### **Covenant for Superior Court Foreclosure**

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, each Community Facilities District covenants to commence, or cause to be commenced as described below, and thereafter diligently prosecute to judgement (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided below. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory.

In order to determine if there are delinquencies with respect to the payment of the Special Taxes, each Community Facilities District covenants in each Local Obligation Fiscal Agent Agreement that it shall cause, on or about February 15 and June 15 of each Fiscal Year, an Authorized Officer to compare the amount of Special Taxes to be collected on the December 10 and April 10 installments of the secured property tax bills to the amount of Special Taxes actually received by the Community Facilities District in said installments, and proceed as set forth below:

(A) If the Authorized Officer determines that any single parcel subject to the Special Tax in the applicable Taxing Jurisdiction is delinquent in the payment of 5 or more installments of the Special Taxes, or a single owner of multiple parcels is delinquent in the payment of Special Taxes in the amount of \$15,000 or more, then the Authorized Officer 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 determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the District within 90 days of a February 15th or June 15th determination against each such parcel.

(B) If the Authorized Officer determines that the total amount of delinquent Special Tax for the prior Fiscal Year (after both the first and second installments) in the applicable Taxing Jurisdiction (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the Community Facilities 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 a June 15th determination, and shall commence foreclosure proceedings within 90 days of a June 15th determination against each parcel in the Taxing Jurisdiction with a Special Tax delinquency.

Notwithstanding the foregoing, however, each Community Facilities District may elect not to commence judicial foreclosure proceedings under subsections (A) or (B) above if both of the following conditions are met:

(i) if the Reserve Fund Account established under the Indenture for the applicable Local Obligation is fully funded at the Reserve Requirement and such delinquencies are not expected to result in a draw on the Reserve Fund Account in both the then-current and immediately following Fiscal Years; and

(ii) if the amount of a Special Tax delinquency on a particular parcel in relation to the cost of appropriate foreclosure proceedings is such that the costs do not warrant the foreclosure proceedings costs, in which case foreclosure proceedings may be delayed by the Community Facilities District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the cost of such foreclosure proceedings.

It should be noted that any foreclosure proceedings commenced as described above could be stayed by the commencement of bankruptcy proceedings by or against the owner of the delinquent property. See “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure.”

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—Bankruptcy and Foreclosure.” If a judgment of foreclosure and order of sale is obtained, the judgment creditor (each 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. Any parcel subject to foreclosure sale must be sold at the minimum bid price unless a lesser minimum bid price is authorized by the Owners of 75% of the principal amount of Local Obligations Outstanding.

**No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of the sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the Authority, the Community Facilities Districts or the School 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 Tax will have the same lien priority in the case of delinquency as for *ad valorem* property taxes.**

If delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Authority on the applicable series of Local Obligations, which default or delay may result in a default or delay in payments to the Bond Owners pending prosecution of foreclosure proceedings and receipt by each Community Facilities District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method for the applicable Taxing Jurisdiction, and the Act, including the limitation imposed by Section 53321 of the Act as applied to such Taxing Jurisdiction, each Community Facilities District may adjust the Special Taxes levied on all property within such Taxing Jurisdiction in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the applicable series of Local Obligations. 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 applicable series of Local Obligations by each Local Obligation Fiscal Agent Agreement.

### **Covenants Regarding Special Tax Levies and Rate and Method**

In the Local Obligation Fiscal Agent Agreements, each Community Facilities District has covenanted not to conduct or consent to proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the applicable Taxing Jurisdiction on Developed Property.

Each Community Facilities District also covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of Owners of the Local Obligations and covenants not to permit the tender of Local Obligations in payment of any Special Taxes

except upon receipt of a certificate of an Independent Financial Consultant (as defined in the Indenture) that to accept such tender will not result in the Community Facilities District having insufficient Net Special Taxes to pay the principal of and interest on its Local Obligations remaining outstanding following such tender, assuming Special Taxes are levied in the future, as provided under each Local Obligation Fiscal Agent Agreement.

Each Community Facilities District also covenants not to initiate proceedings under the Act to modify the applicable Rate and Method of Apportionment if such modification would adversely affect the security for its Local Obligations. If an initiative or referendum measure is proposed that purports to modify a Rate and Method of Apportionment in a manner that would adversely affect the security for the applicable Local Obligations, each Community Facilities District will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of such Rate and Method of Apportionment in a manner that would adversely affect the security for such Local Obligations.

### **Permitted Investments**

Funds and accounts established under the Indenture and each Local Obligation Fiscal Agent Agreement are held by the Trustee or Fiscal Agent, as applicable. Moneys in any of the funds and accounts will be invested at the direction of the Authority or each Community Facilities District in Permitted Investments (as defined in the Indenture and the District Fiscal Agent Agreement, as applicable), which will be deemed at all times to be a part of such funds and accounts. See APPENDIX B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” for a list of Permitted Investments.

Any income realized or loss resulting from such Permitted Investments will be credited or charged to the fund from which such investment was made.

### **No Acceleration**

The principal of the Bonds will not be subject to acceleration under the provisions of the Indenture. The principal of each series of Local Obligations will not be subject to acceleration under the provisions of each Local Obligation Fiscal Agent Agreement. See “SPECIAL RISK FACTORS — No Acceleration Provision.”

### **Levy of Special Taxes to Applicable Maximum Rates**

Generally, each Community Facilities District levies Special Taxes at the Assigned Annual Special Tax. Some parcels within each Taxing Jurisdiction are potentially subject to the levy of a Backup Annual Special Tax. In the event a Community Facilities District was to levy Special Taxes on Developed Property at less than the Assigned Annual Special Tax, and in the case of parcels within a Taxing Jurisdiction with a Backup Annual Special Tax which is greater than the Assigned Annual Special Tax, pursuant to Section 53321 of the Act and a resolution adopted by each Community Facilities 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 a Taxing Jurisdiction, by more than 10% of such lesser amount, or in a situation in which a Backup Annual Special Tax would otherwise apply, the Assigned Annual Special Tax. 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. Each Community Facilities District is only obligated to pay principal and interest on the Local Obligations it issues with respect to the applicable Taxing Jurisdiction. If Special Taxes with respect to one Taxing Jurisdiction, are not received in the requisite amount, the Special Tax rate may be escalated only in that Taxing Jurisdiction, and not in the other Taxing Jurisdictions. See APPENDIX D hereto for a description of each Community Facilities District’s procedures for increasing the amount of Special Tax in the applicable Taxing Jurisdiction.

## **Special Taxes Are Not Within Teeter Plan**

The Special Taxes are not encompassed within the alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code (Section 4701 *et seq.*), commonly referred to as the “Teeter Plan.” The County has adopted a Teeter Plan under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include special taxes, assessments or assessments in its Teeter Plan. The Special Taxes of the Taxing Jurisdictions are not included in the County’s Teeter Plan.

See APPENDIX B hereto for a description of the redemption provisions of the Local Obligations.

## **THE TAXING JURISDICTIONS**

### **The Taxing Jurisdictions in the Aggregate**

**Introduction.** Set forth under this caption is certain information describing the Taxing Jurisdictions in the aggregate. See Appendix A hereto for more information with respect to each Taxing Jurisdiction. Although the Authority believes the information with respect to the Taxing Jurisdictions, in the aggregate, is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on one series of Local Obligations may not be used to make up any shortfall in the debt service on another series of Local Obligations. Moreover, the parcels in each Taxing Jurisdiction are taxed according to the applicable Rate and Method, and the applicable Special Taxes may only be applied to pay the debt service on the Local Obligations related to the Taxing Jurisdiction in which such Special Taxes are levied and not on the debt service of any other Local Obligations.

Potential investors should further be aware that Special Taxes are levied against individual parcels within each Taxing Jurisdiction and that any such parcel may have a value-to-lien ratio less than the overall value-to-lien ratio for such Taxing Jurisdiction and less than the value-to-lien ratio of the Taxing Jurisdictions in the aggregate.

To date, there have been a total of two prepayments within the Taxing Jurisdictions. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Property Values & Development Status.** The most recent aggregate assessed value reported by the County Assessor for the property in the Taxing Jurisdictions for the Fiscal Year 2024-25 was \$1,045,051,004. The planned developments within the Taxing Jurisdictions are complete with residential homes. In total, there are currently 2,333 completed homes conveyed to individual owners.

**Value-To-Lien Ratios.** The aggregate assessed value of all of the Taxable Property in the Taxing Jurisdictions as established by the County Assessor for Fiscal Year 2024-25 was \$1,045,051,004. The aggregate principal amount of the Local Obligations is \$26,705,000\*, and there is \$22,301,088 in overlapping land-secured debt and \$21,181,098 in overlapping general obligation debt. Table 15 below sets forth the aggregate value-to-lien ratio for each Taxing Jurisdiction based on assessed values in each Taxing Jurisdiction, the principal amount of the applicable series of Local Obligations and all applicable overlapping land-secured and general obligation debt. Table 16 below sets forth the combined value-to-lien stratification for all of the Taxing Jurisdictions based on the aggregate assessed values in all Taxing Jurisdictions, the aggregate principal amount of the Local Obligations and all overlapping land-secured and general obligation debt.

**TABLE 15**  
**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**  
**AGGREGATE ASSESSED VALUE-TO-LIEN RATIOS BY TAXING JURISDICTION**

<i>CFD</i>	<i>Number of Taxable Parcels</i>	<i>Local Obligations <sup>(1)</sup> *</i>	<i>Other Land- Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Lien<sup>*</sup></i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup> *</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>% Share of Special Tax</i>
CFD No. 2002-4	218	\$ 1,500,000	\$ 1,482,008	\$ 1,919,131	\$ 4,901,139	\$ 98,484,290	20.09	\$ 213,941	6.07%
CFD No. 2002-5	310	3,965,000	835,137	2,556,361	7,356,498	123,189,905	16.75	491,396	13.94
CFD No. 2003-1	109	1,505,000	0	998,242	2,503,242	50,914,229	20.34	201,999	5.73
CFD No. 2003-2 IA A	715	6,650,000	12,178,216	6,404,775	25,232,991	308,643,258	12.23	733,758	20.82
CFD No. 2003-4	227	1,760,000	3,884,565	2,133,142	7,777,707	102,795,138	13.22	221,177	6.28
CFD No. 2004-2	146	2,910,000	225,165	1,221,038	4,356,203	62,277,674	14.30	357,928	10.16
CFD No. 2004-3	153	2,730,000	266,135	1,566,890	4,563,025	78,163,883	17.13	340,307	9.66
CFD No. 2004-4	99	1,520,000	151,138	1,027,512	2,698,650	49,515,337	18.35	215,210	6.11
CFD No. 2004-5	178	2,930,000	262,178	1,736,290	4,928,468	88,557,512	17.97	366,113	10.39
CFD No. 2005-2	178	2,965,000	3,016,546	1,617,716	7,599,262	82,509,778	10.86	382,814	10.86
Total <sup>(5)</sup>	2,333	\$26,705,000	\$ 22,301,088	\$ 21,181,098	\$71,917,186	\$1,045,051,004	14.53	\$ 3,524,642	100.00%

\* Preliminary, subject to change.

(1) The 2016 Local Obligations reflect the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Tables A-2, A-10, A-18, A-26, A-34, A-42, A-50, A-58, A-66 and A-74 in APPENDIX A hereto for a description of overlapping liens and the combined overlapping liens. Other land secured debt and general obligation debt have been allocated based on the proportionate share of the Fiscal Year 2024-25 tax or assessment levied.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024.

(4) Average value-to-lien per parcel; actual value-to-lien may vary by parcel.

(5) Totals may not sum due to rounding.

Source: KeyAnalytics.

\* Preliminary, subject to change.



**TABLE 16**  
**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**  
**TAXING JURISDICTIONS IN THE AGGREGATE**  
**COMBINED VALUE-TO-LIEN RATIO STRATIFICATION<sup>†\*</sup>**

<i>Value-to-Lien Category</i>	<i>Number of Taxable Parcels</i>	<i>Local Obligations <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>Other General Obligation Debt <sup>(2)</sup></i>	<i>Total Liens</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Combined Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>% Share of Special Tax</i>
> 15.00	1,022	\$12,794,420	\$ 4,861,358	\$10,905,952	\$28,561,729	\$ 541,522,422	18.96	\$1,634,554	46.38%
10.00 to 15.00	1,063	12,735,467	13,138,451	8,758,436	34,632,355	429,043,145	12.39	1,539,307	43.67
7.00 to 10.00	230	2,670,207	3,989,396	1,439,862	8,099,465	70,742,006	8.73	323,231	9.17
5.00 to 7.00	13	172,909	259,124	67,845	499,878	3,301,391	6.60	19,990	0.57
3.00 to 5.00	4	48,796	50,055	8,228	107,079	404,708	3.78	5,925	0.17
< 3.00	<u>1</u>	<u>13,201</u>	<u>2,704</u>	<u>775</u>	<u>16,679</u>	<u>37,332</u>	<u>2.24</u>	<u>1,636</u>	<u>0.05</u>
Total <sup>(5)</sup>	2,333	\$26,705,000	\$22,301,088	\$21,181,098	\$71,917,186	\$1,045,051,004	14.53	\$3,524,642	100.00%

<sup>\*</sup> Preliminary, subject to change.

<sup>(1)</sup> The 2016 Local Obligations reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Tables A-2, A-10, A-18, A-26, A-34, A-42, A-50, A-58, A-66 and A-74 in APPENDIX A hereto for a description of overlapping liens and the combined overlapping liens. Other land secured debt and general obligation debt have been allocated based on the proportionate share of the Fiscal Year 2024-25 tax or assessment levied.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024.

<sup>(4)</sup> Average value-to-lien per parcel; actual value-to-lien may vary by parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Effective Tax Rates.** Table 17 below shows the combined effective tax rate stratification of all taxable property within the Taxing Jurisdictions based on the Fiscal Year 2024-25 assessed values, the Fiscal Year 2024-25 Special Tax levy and the Fiscal Year 2024-25 tax or assessment for all applicable overlapping debt.

**TABLE 17**  
**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**  
**THE TAXING JURISDICTIONS IN AGGREGATE**  
**COMBINED FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Taxable Parcels</i>	<i>Local Obligations<sup>(1)*</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Liens*</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Combined Value-to- Lien Ratio<sup>(4)*</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>% Share of Special Tax</i>
2.30% and above	195	\$ 2,695,763	\$ 2,706,250	\$ 1,177,612	\$ 6,579,625	\$ 58,833,928	8.94	\$ 1,472,793	2.50%	\$ 337,502	9.58%
2.10% to 2.30%	256	3,389,166	2,507,055	1,680,209	7,576,429	83,100,454	10.97	1,824,758	2.20	424,499	12.04
1.90% to 2.10%	408	5,151,408	4,223,118	3,156,103	12,530,629	155,716,458	12.43	3,085,678	1.98	632,459	17.94
1.75% to 1.90%	593	6,707,175	6,046,309	5,238,087	17,991,571	257,127,911	14.29	4,685,218	1.82	817,381	23.19
1.60% to 1.75%	497	5,862,647	4,469,922	5,678,154	16,010,723	278,964,914	17.42	4,638,972	1.66	727,980	20.65
1.40% to 1.60%	286	3,474,657	1,501,521	3,250,916	8,227,094	162,006,370	19.69	2,491,733	1.54	440,957	12.51
1.40% and below	98	1,154,183	846,915	1,000,017	3,001,115	49,300,969	16.43	640,870	1.30	143,864	4.08
Total <sup>(6)</sup>	2,333	\$ 26,705,000	\$ 22,301,088	\$ 21,181,098	\$ 71,917,186	\$1,045,051,004	14.53	\$ 18,840,021.48	1.80%	\$ 3,524,642	100.00%

\* Preliminary, subject to change.

(1) The 2016 Local Obligations reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Tables A-2, A-10, A-18, A-26, A-34, A-42, A-50, A-58, A-66 and A-74 in APPENDIX A hereto for a description of overlapping liens and the combined overlapping liens. Other land secured debt and general obligation debt have been allocated based on the proportionate share of the Fiscal Year 2024-25 tax or assessment levied.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024.

(4) Average value-to-lien per parcel; actual value-to-lien may vary by parcel.

(5) Average effective tax rate per parcel; actual effective tax rate may vary by parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

## The Local Obligations

The table below summarizes the final maturity dates of the Local Obligations and the principal amount of each Local Obligation. For a description of the total debt service on the Bonds provided by each Local Obligation, see Table 6 under the heading “THE BONDS — Debt Service Coverage for the Local Obligations and the Bonds” herein. See also “SPECIAL RISK FACTORS — Varying Maturities of the Local Obligations.”

**TABLE 18**  
**MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY**  
**SUMMARY OF LOCAL OBLIGATIONS**

<i>Taxing Jurisdiction</i>	<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>
CFD No. 2002-4	2037	\$ 1,500,000
CFD No. 2002-5	2037	3,965,000
CFD No. 2003-1	2037	1,505,000
CFD No. 2003-2 Improvement Area A	2039	6,650,000*
CFD No. 2003-4	2038	1,760,000*
CFD No. 2004-2	2038	2,910,000
CFD No. 2004-3	2037	2,730,000
CFD No. 2004-4	2037	1,520,000
CFD No. 2004-5	2038	2,930,000
CFD No. 2005-2	2038	<u>2,965,000</u>
<b>Total</b>		<b>\$ 26,705,000</b>

\* Preliminary, subject to change.

Source: Underwriter.

## SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not a suitable investment for all investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Taxing Jurisdictions to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the Community Facilities Districts to make full and punctual payments of debt service on the Local Obligations which comprise the Revenues available to pay 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 the Taxing Jurisdictions. See “—Property Values” and “—Limited Secondary Market.”

### Risks of Real Estate Secured Investments Generally

Because the timely payment of debt service on the Bonds will be dependent upon the timely payment of the Local Obligations and the timely payment of the Local Obligations will be dependent upon the timely payment of Special Taxes, which are secured ultimately by the taxable property within the Taxing Jurisdictions, the Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in and around the vicinity of the Taxing Jurisdictions, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental

rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires, floods, drought and windstorms), which may result in uninsured losses; and (iv) adverse changes in local market conditions.

### **The Bonds are Limited Obligations of the Authority**

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Indenture, which consist primarily of payments made to the Trustee on the Local Obligations and the Reserve Fund and the Reserve Accounts therein. Funds for the payment of the principal of and the interest on the Local Obligations are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the Local Obligations due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Taxing Jurisdictions following delinquency. The School District's legal obligations with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Taxing Jurisdictions to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the School District to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the School District to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in the depletion of the Reserve Fund and the Reserve Fund Accounts therein and the inability of the Authority to make full or timely payment on the Bonds.

### **No Obligation of the School District**

The Local Obligations and the interest thereon, and in turn, the Bonds, 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 School District is pledged for the payment of the Local Obligations or the interest thereon, and except to compel a levy of the Special Taxes securing the Local Obligations, no Owner of the Bonds may compel the exercise of any taxing power by the School District or force the forfeiture of any property of the School District. 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 property or upon any of the School District's income, receipts or revenues, except the Revenues and other amounts pledged under the Indenture.

## **Varying Maturities of the Local Obligations**

The Local Obligations mature at different times. Because the Bonds are payable solely from moneys received by the Authority as debt service on the Local Obligations, the credit quality of the Bonds at any one time depends upon the credit quality of the remaining outstanding Local Obligations. Additionally, because certain Local Obligations mature earlier than others, the Bonds remaining outstanding at that time will be payable from Local Obligations secured by fewer Taxing Jurisdictions (for example, only the CFD No. 2003-2 Bonds remain outstanding after 2038). See Table 18 for the varying final maturity dates of each issue of Local Obligations.

## **No Cross-Collateralization Between Taxing Jurisdictions**

The Local Obligations are not cross-collateralized. In other words, the Special Taxes from one Taxing Jurisdiction cannot be used directly to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, all amounts in the Reserve Fund and the Reserve Fund Accounts therein are available to pay debt service on the Bonds if the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due. See the caption “SECURITY FOR THE BONDS — Reserve Fund and Reserve Fund Accounts.”

## **Potential Early Redemption of Bonds from Prepayments or Other Sources**

Property owners within the Taxing Jurisdictions are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of Local Obligations on the first March 1 or September 1 which is more than 30 days following the receipt of the prepayment. The proceeds of the Local Obligations so redeemed will then be used to make a mandatory redemption of the Bonds. Such mandatory redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. To date, there have been a total of two prepayments within the Taxing Jurisdictions. See “THE BONDS — Redemption — *Mandatory Redemption from Redemption of Local Obligations due to Special Tax Prepayments.*”

## **Property Values**

The value of property within the Taxing Jurisdictions is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of a Special Tax installments, a Community Facilities District’s only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Taxing Jurisdictions could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, increased or decreased annually by an amount determined by the Riverside County Assessor based on current market conditions, generally not to exceed an increase of more than 2% per fiscal year from the date of purchase (except in the case of new construction subsequent to such acquisition). No assurance can be given that a parcel could actually be sold for its assessed value.

**The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the property in the Taxing Jurisdictions which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values within the Taxing Jurisdictions.**

## **Natural Disasters**

The Taxing Jurisdictions, like the rest of southern California, are located within a seismically active region. Faults and earthquakes present direct hazards from fault rupture and ground shaking as well as indirect hazards. The most significant known active fault zones that are capable of seismic ground shaking and can impact the Community Facilities Districts are the Elsinore Fault Zone, San Jacinto Fault Zone, Newport-Inglewood Fault Zone, and the San Andreas Fault Zone. An earthquake on these faults, or in any other location near the Community Facilities Districts, could be particularly damaging to residential buildings, especially to those of older wooden or unreinforced masonry construction, or to mobile homes. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the City of Menifee and would require a high level of self-help, coordination and cooperation.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

In January of 2025, a wildfire started in the Pacific Palisades area of Los Angeles County, approximately 140 miles northwest of the District, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in Los Angeles County, destroying and threatening numerous structures, including the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more.

Based on mapping adopted by the Department of Forestry and Fire Protection of the State of California, that was last updated in early 2025, all or a portion of CFD No. 2002-4, CFD No. 2002-5, CFD No. 2003-1, CFD No. 2004-2, CFD No. 2004-3, CFD No. 2004-4, CFD No. 2004-5 and CFD No. 2005-2 are located in an area designated as a high or very high fire hazard severity zone. In addition, wildfires may start in areas not designated as high fire hazard severity zones, or may start outside the Taxing Jurisdictions and spread to affect the area within some or all of the Taxing Jurisdictions. Accordingly, there is a risk of residential property within the Taxing Jurisdictions being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Taxing Jurisdictions. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Taxing Jurisdictions. 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 property in the Taxing Jurisdictions 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.

## **Hazardous Substances**

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions 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 "Super Fund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect.

Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Taxing Jurisdictions be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

The School District is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located on the property within the Taxing Jurisdictions. However, it is possible that such materials do currently exist and that the School District is not aware of them.

It is possible that property in the Taxing Jurisdictions may be liable for hazardous substances in the future as a result of the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or the existence, currently, on the property of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could have the effect of reducing the value of the applicable property.

### **Cybersecurity**

The School District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the School District is 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 digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the School District is aware of one intrusion to its computer operating systems: on June 24, 2024, the School District received an alert from its network security system SentinelOne of an attempted encryption event. SentinelOne successfully prevented encryption of the School District's network. The School District immediately engaged counsel and third-party forensic experts to conduct an investigation into the nature and scope of the incident, which determined that the threat actor accessed the network starting June 24, 2024 through compromised user credentials. The investigation also confirmed encryption of the School District network was prevented by the SentinelOne agent running on the network. No ongoing malicious activity has been observed to date.

No assurances can be given that the School District's efforts to manage cyber threats and attacks will be successful in the future or that any such attack will not materially impact the operations or finances of the School District. The School District takes a multi-layered approach to defend against breaches. Additionally, the School District carries cybersecurity insurance.

### **Parity Taxes and Special Assessments**

Property within the Taxing Jurisdictions is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness in Appendix A — "INFORMATION REGARDING THE TAXING JURISDICTIONS." None of the Authority, the School District or the Community Facilities Districts has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions.

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 the lien of all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general *ad valorem* property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. See "— Bankruptcy and Foreclosure" below.

None of the Authority, the School District or the Community Facilities Districts has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions. In addition, the landowners within the Taxing Jurisdictions may, without the consent or knowledge of the Authority, the School District or the Community Facilities Districts, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the Taxing Jurisdictions described in this Official Statement.

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

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the proceeds received from the sale of a taxable parcel following a Special Tax delinquency are not sufficient, taking into account other liens imposed by public agencies, to pay the full amount of the Special Tax delinquency, the School District and the Community Facilities Districts have no recourse against the owner of the parcel.

### **Disclosures to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The School District has caused a notice of the Special Tax that may be levied against the taxable parcels in each Taxing Jurisdiction to be recorded in the Office of the Recorder for 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 property within the Taxing Jurisdictions or lending of money thereon.

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

### **Special Tax Delinquencies**

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

See the delinquency tables in Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” for the delinquency history of each Taxing Jurisdiction over the last five Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenant for Superior Court Foreclosure” for a discussion of the provisions which apply, and procedures which a Community Facilities District is obligated to follow under the applicable Local Obligation Fiscal Agent Agreement, in the event of



delinquencies in the payment of Special Taxes. See “— Bankruptcy and Foreclosure” below for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the School District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

Each Community Facilities District has the authority and the obligation, subject to the Mello-Roos Act and the maximum Special Tax rates set forth in the applicable Rate and Method, to increase the levy of Special Taxes against non-delinquent property owners in the applicable Taxing Jurisdiction in the event other owners within such Taxing Jurisdiction are delinquent. Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Taxing Jurisdiction. Thus, each Community Facilities District may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years. This would result in draws on the Reserve Fund and the Reserve Fund Accounts therein, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds.

### **Insufficiency of Special Taxes**

Notwithstanding that the maximum Special Taxes that may be levied in the Taxing Jurisdictions exceeds debt service due on the Local Obligations, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation. Each Rate and Method exempts certain specified property from the Special Tax levy. See Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

If for any reason property within a Taxing Jurisdiction becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within such Taxing Jurisdiction. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Mello-Roos Act provides that, if any property within a Taxing Jurisdiction not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a Taxing Jurisdiction became owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the related Local Obligations when due, or if a substantial portion of land within a Taxing Jurisdiction became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining Taxable Property therein might not be sufficient to pay principal of and interest on the related Local Obligations when due, and in either case a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

Moreover, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued within a Taxing Jurisdiction be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or

parcels within such Taxing Jurisdiction. Thus, each Community Facilities District may not be able to increase Special Tax levies in a Taxing Jurisdiction in future fiscal years by enough to make up for delinquencies within such Taxing Jurisdiction for prior fiscal years. This may result in draws on the Reserve Fund and the Reserve Fund Accounts therein, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

### **Risks Associated with Bond Insurance**

In the event that the Authority defaults in the payment of principal of or interest on the Bonds when due, the Owners of the Bonds will have a claim under the Policy for such payments. See the caption “BOND INSURANCE.” In the event that the Bond Insurer becomes obligated to make payments on the Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Bond Insurer is unable to make payments of principal of or interest on the Bonds when due under the Policy or the Reserve Policy, the Bonds will be payable solely from Revenues and amounts that are held in certain funds and accounts established under the Indenture, as described under the caption “SECURITY FOR THE BONDS.”

The long-term credit rating on the Bonds is dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Bond Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption “MISCELLANEOUS—Ratings.”

None of the Authority, the School District, the Community Facilities Districts or the Underwriter has made an independent investigation of the claims-paying ability of the Bond Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is being made by the Authority, the School District, the Community Facilities Districts or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds, assuming that the Policy is not available to pay principal and interest on the Bonds, and the claims-paying ability of the Bond Insurer through final maturity of the Bonds.

So long as the Policy remains in effect and the Bond Insurer is not in default of its obligations thereunder, the Bond Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies in the event of a default under the Indenture as to the Bonds. The Bond Insurer is not required to obtain the consent of the Owners of the Bonds with respect to the exercise of remedies.

### **FDIC/Federal Government Interests in Properties**

**General.** The ability of each Community Facilities District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

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

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

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

The School District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the Taxing Jurisdictions, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

**FDIC.** In the event that any financial institution making any loan which is secured by real property within the Taxing Jurisdictions is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of a Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Mello-Roos Act.

The School District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within a Taxing Jurisdiction in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and the Reserve Fund Accounts

therein and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

### **Bankruptcy and Foreclosure**

In the event of a delinquency in the payment of the Special Taxes, each Community Facilities District, under certain circumstances, is required to commence enforcement proceedings as described under the heading “SECURITY FOR THE LOCAL OBLIGATIONS — Covenant for Superior Court Foreclosure.” However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that a Community Facilities District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of a Community Facilities District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, the amount and priority of any Special Tax liens could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the Local Obligations, and the possibility of delinquent tax installments not being paid in full. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel’s approving legal opinion, are qualified as to the enforceability of the Bonds, the Indenture, the Local Obligations and the Local Obligation Fiscal Agent Agreements by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the School District and the Community Facilities Districts.

### **Funds Invested in the County Investment Pool**

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

### **No Acceleration Provision**

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Pursuant to the Indenture, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in APPENDIX B.

## **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.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State. 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.

## **Loss of Tax Exemption**

As discussed under the caption "LEGAL MATTERS — Tax Matters" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority, the School District or the Community Facilities Districts in violation of covenants in the Indenture or the Local Obligation Fiscal Agent Agreement, respectively. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

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

It is possible that subsequent to the issuance of the Bonds there might be federal, State, or local statutory changes (or judicial or regulatory interpretations of federal, State, or local law) that affect the federal, State, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur. See "LEGAL MATTERS — Tax Matters" below.

## **Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the Authority has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See "INTRODUCTION — Continuing Disclosure" and Appendix F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE." Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

## **Proposition 218**

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to each Community Facilities District to pay the principal of and interest on the applicable series of Local Obligations as described below.

Among other things, Section 3 of Article XIII states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Mello-Roos Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Mello-Roos Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Mello-Roos Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On August 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

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

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

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

## **Ballot Initiatives**

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the School District or the Community Facilities Districts to increase revenues or to increase appropriations or on the ability of the landowners within the Taxing Jurisdictions to complete proposed future development.

## Litigation with Respect to Community Facilities Districts

**Shapiro.** The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro* (2014) 228 Cal.App.4th 756 (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“San Diego”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

**Horizon.** The Sacramento County Superior Court had issued a tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). That ruling subsequently became the court’s final order. As described below, this case involved an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Act.

In 2017, the City of Sacramento initiated proceedings to form a CFD to finance certain costs to operate and maintain a streetcar line. As permitted by the Act, the proposed district included non-contiguous parcels of non-residential property. Because there were fewer than 12 registered voters residing within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the owners of land within the proposed CFD, as required by the Act. The proposed special tax received the requisite two-thirds vote in the landowner election.

Petitioners Horizon Capital Investments, LLC et al. filed a writ of mandate and complaint for reverse validation and declaratory relief. Petitioners argued, and the superior court agreed in its final ruling, that under section 4(a) of article XIII A of the California Constitution (which provides that “Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district [sic], may impose special taxes on such district...”) the phrase “qualified electors” means the registered voters of the entire City of Sacramento and not just the owners of the property within the boundaries of the proposed CFD. Citing the San Diego Decision, the tentative ruling states that the phrase “qualified electors of the district” refers to the registered voters of the entity imposing the special tax, which in this case was the City of Sacramento. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City of Sacramento, the final ruling states that the special tax is invalid.

The superior court’s final ruling is not binding upon other courts within the State and does not directly apply to the Taxing Jurisdictions, the Special Taxes, or the Local Obligations. The City of Sacramento did not appeal the superior court’s ruling.

**The Special Tax Election in the Taxing Jurisdictions.** With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the Taxing Jurisdictions had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court’s holding in the San Diego Decision does not apply to the Special Tax elections in the Taxing Jurisdictions. Moreover,

Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in each Taxing Jurisdictions approved their respective Special Tax more than 30 days ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the School District believes that no successful challenge to the Special Taxes being levied in accordance with the applicable Rate and Method may now be brought.

## LEGAL MATTERS

### Tax Matters

***Federal Tax Status.*** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the Community Facilities Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”) that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the Community Facilities Districts have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

***Tax Treatment of Original Issue Discount and Bond Premium.*** If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “bond premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond’s maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss



upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

***California Tax Status.*** In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

***Other Tax Considerations.*** Current and future legislative proposals, if enacted into law, clarification of the Tax 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 beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. 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.

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. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

See Appendix E — “FORM OF BOND COUNSEL OPINION” for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Bonds.

### **Absence of Litigation**

The Authority will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the Local Obligations and that no action, suit or proceeding is known by the Authority to be pending that would restrain or enjoin the delivery of the Bonds or the Local Obligations, or contest or affect the validity of the Bonds or the Local Obligations or any proceedings of the Authority taken with respect to the Bonds or the Local Obligations. Each Community Facilities District will also certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity the Local Obligations and that no action, suit or proceeding is known by the Community Facilities District to be pending that would restrain or enjoin the delivery of the Local Obligations, or contest or affect the validity of the Local Obligations or any proceedings of the Community Facilities District taken with respect to the Local Obligations.

### **Legal Opinion**

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity

of the Bonds substantially in the form attached as Appendix E hereto will be attached to each Bond. 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. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

*Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and Underwriter's Counsel is contingent upon issuance of the Bonds.*

## MISCELLANEOUS

### Ratings

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "AA" to the Bonds based upon the delivery of the Policy by the Bond Insurer at the time of issuance of the Bonds. See "BOND INSURANCE" herein.

In addition, S&P has assigned its underlying rating of "AA-" to the Bonds, independent of the delivery of the Policy. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the Authority, the School District or the Community Facilities Districts which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The Authority has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the Bonds. See the caption "—Continuing Disclosure" and Appendix F. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the Authority and prior to the date the Authority is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

None of the Authority, the School District, the Community Facilities Districts or the Underwriter makes any representation as to the Bond Insurer's creditworthiness or any representation that the Bond Insurer's credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies' evaluations of the financial guaranty industry and individual financial guarantors, including the Bond Insurer. See the caption "BOND INSURANCE" for further information relating to the Bond Insurer.

### Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds, [plus] original issue [premium] of \$\_\_\_\_\_, less Underwriter's discount of \$\_\_\_\_\_).

The purchase agreement relating to the Bonds between the Authority and the Underwriter provides that all Bonds will be purchased if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in said purchase contract, including, but not limited to, the approval of certain legal matters by counsel.

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

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority or School District and to persons and entities with relationships with the Authority or School 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 Authority or School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority or School 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 Authority or School District.

### **Verification of Mathematical Computations**

Causey Public Finance, LLC, Certified Public Accountants, Denver, Colorado, independent accountants, upon delivery of the Bonds, will deliver one or more reports on the mathematical accuracy of certain computations contained in schedules provided to them relating to (a) the sufficiency of moneys and securities deposited into the Prior Authority Bonds Escrow Fund to pay the redemption price of the Prior Authority Bonds, (b) the sufficiency of moneys and securities deposited into the Prior CFD Bonds Escrow Fund to pay the redemption price of the Prior CFD Bonds.

### **Continuing Disclosure**

The Authority will execute a Continuing Disclosure Certificate, in the form attached hereto as Appendix F, for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Report will be filed by the Dissemination Agent with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board (“EMMA”) and notices of Listed Events will be filed by the Dissemination Agent with EMMA. The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The Continuing Disclosure Certificate will be executed and delivered by the Authority in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). The Annual Reports are to be filed by the Authority no later than the February 1 after the end of the Authority’s fiscal year, which is currently June 30. The first Annual Report will be due February 1, 2026.

The Governing Board of the School District serves as the governing board of the School District and related entities of the School District, including the Authority, the Community Facilities Districts and the School District's other community facilities districts. A review of previous disclosure filings for bonds outstanding in the last five years with respect to financings by the School District, and these affiliated entities, found a few instances of non-compliance with prior undertakings. Identification of the following described instances of non-compliance does not constitute a representation by the School District or any of its affiliated entities that any such instances were material. In connection with several series of bonds issued by the Authority and certain of the District's community facilities districts, on December 16, 2022, unaudited financial statements of the School District were timely filed; however, the audited financial statements of the School District were not filed until November 1, 2023.

Remedial filings have since been made to correct all known instances of non-compliance during the last five years. The School District believes it has established processes to ensure that it and its affiliated entities will make required filings on a timely basis in the future, which include appointing (i) KeyAnalytics as an outside dissemination agent to assist in preparing any continuing disclosure filings relating to community facilities districts of the School District, and (ii) Fieldman, Rolapp & Associates, Inc. as an outside dissemination agent to assist in preparing the continuing disclosure filings of the School District with respect to the School District's non-community facilities district financings.

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

#### **Municipal Advisor**

Fieldman, Rolapp & Associates, Inc. (the "Municipal Advisor") has acted as Municipal Advisor to the Authority in connection 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.

**Additional Information**

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 Authority and the purchasers or Owners of any of the Bonds.

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

MENIFEE UNION SCHOOL DISTRICT PUBLIC  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Executive Director

## APPENDIX A

### INFORMATION REGARDING THE TAXING JURISDICTIONS

#### Community Facilities District No. 2002-4

**Location and Description.** CFD No. 2002-4 was formed by the School District on January 13, 2003 and is generally located east of Interstate 215, near the intersection of Tate Road and Tolly Road in the southwestern portion of the County of Riverside (the “County”), in the City of Menifee (the “City”), which is south of Sun City and Quail Valley and east of Canyon Lake and Lake Elsinore. CFD No. 2002-4 is fully built out and was developed into 218 residential units on 49.89 net acres. The two residential neighborhoods within CFD No. 2002-4 contain additional lots that are not part of CFD No. 2002-4 (consisting of 3 lots in the Barrington Heights neighborhood and 23 lots in the Ashton Hills neighborhood) and are not subject to the lien of the Special Taxes. CFD No. 2002-4 has one lot remaining classified as undeveloped.

Ownership of the taxable property within CFD No. 2002-4 is significantly diversified, with no property owner owning more than one parcel. No property owner within CFD No. 2002-4 is responsible for more than 0.50% of the Special Tax levy.

**Assigned Special Taxes.** Table A-1 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2002-4 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2002-4 may not be levied after Fiscal Year 2038-39. The final maturity of the CFD No. 2002-4 Bonds is September 1, 2037.

**TABLE A-1  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 1,650 sq. ft.	9	\$ 664.18	\$ 5,977.62	2.79%
2	1,650 sq. ft. to 1,950 sq. ft.	10	761.80	7,618.00	3.56
3	1,951 sq. ft. to 2,250 sq. ft.	13	781.32	10,157.16	4.75
4	2,251 sq. ft. to 2,550 sq. ft.	85	976.58	83,009.30	38.80
5	> 2,550 sq. ft.	<u>101</u>	<u>1,061.18</u>	<u>107,179.18</u>	<u>50.10</u>
Developed Property		218	NA	213,941.26	100.00
Undeveloped Property		<u>0.1700</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total <sup>(1)</sup>		218/0.17	NA	\$ 213,941.26	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2002-4 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no special tax prepayments within CFD No. 2002-4. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2002-4, as established by the County Assessor for Fiscal Year 2024-25, which totals \$98,562,403. See Table A-4.

CFD No. 2002-4 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2002-4 is shown in Table A-2 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2002-4; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The total assessed value shown in Table A-2 differs from the total assessed value shown in the other tables for CFD 2002-4 because Table A-2 includes all property that is exempt from the levy of the Special Tax within CFD No. 2002-4, while the other tables do not.

**TABLE A-2  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
DIRECT AND OVERLAPPING DEBT  
AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
<b>2024-25 Secured Roll Assessed Value</b>						<b>\$ 99,795,456</b>
<b>II. Secured Property Taxes</b>						
<b>Description on Tax Bill</b>						
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.02382%	222	\$969,292.27
City of Menifee CSA No. 84	CSA	15,911	545,721.70	2.31125	222	12,613.00
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	0.71600	9	5,838.60
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.35799	222	9,386.52
Eastern Municipal Water District CFD No. 2004-30	CFD	193	181,143.32	88.17904	170	159,730.44
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.12122	222	7,133.18
Eastern Municipal Water District ID No. U-6 Debt Service	GOB	1,639	224,526.20	16.18898	222	36,348.51
Menifee Union School District CFD No. 2002-4	CFD	225	213,941.26	100.00000	218	213,941.26
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.54371	218	48,497.24
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.08059	222	6,785.05
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.06763	222	1,914.24
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.07153	222	2,597.74
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	1.10936	209	70,278.34
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.34331	222	66,396.59
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.02967	220	840.68
Valley Wide Park and Recreation District LMD No. 88-1 (Menifee Facility)	LMD	7,041	2,299,903.70	3.35469	218	77,154.56
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.08862	220	1,218.80
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,689,967.02</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.69%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>						
Eastern Municipal Water District CFD No. 2004-30	CFD	\$2,815,000	\$1,345,000	88.17904%	170	\$ 1,186,008
Menifee Union School District CFD No. 2002-4	CFD	3,088,193	1,585,000	100.00000	218	1,585,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	1.10936	209	322,325
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,093,333</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,093,333</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>						
Menifee Union School District GOB 2002	GOB	\$14,498,923	\$6,189,720	0.53719%	218	\$ 33,251
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.53719	218	115,093
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.53719	218	647,030
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.03488	222	8,466
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.07152	222	169,743
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.34114	222	50,037
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.34114	222	461,159
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.34114	222	459,903
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,944,681</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,944,681</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$5,038,014.11</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>19.81:1</b>

<sup>(1)</sup> 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.

**Value-to-Lien.** Table A-3 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2002-4 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2002-4 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2002-4 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-3**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-4**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2002-4 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	186	\$ 1,270,810	\$1,218,505	\$1,752,374	\$4,241,689	\$ 89,926,792	21.20	\$ 181,252	84.72%
10.00 to 15.00	29	208,649	247,781	159,438	615,868	8,181,886	13.29	29,759	13.91
7.00 to 10.00	3	20,541	15,722	7,319	43,583	375,612	8.62	2,930	1.37
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>218</b>	<b>\$ 1,500,000</b>	<b>\$1,482,008</b>	<b>\$1,919,131</b>	<b>\$4,901,139</b>	<b>\$ 98,484,290</b>	<b>20.09</b>	<b>\$ 213,941</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2002-4 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-2 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.



**Historical Assessed Values.** Table A-4 summarizes the assessed values within CFD No. 2002-4 for the Fiscal Years shown.

**TABLE A-4**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-4**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$20,547,745	\$59,002,081	\$0	\$79,549,826	NA
2022	21,351,205	62,342,764	0	83,693,969	5.21%
2023	22,224,757	69,383,797	0	91,608,554	9.46
2024	22,549,096	73,128,626	0	95,677,722	4.44
2025	23,077,099	75,485,304	0	98,562,403	3.01

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-2, the taxable property within CFD No. 2002-4 is subject to several different taxes and assessments. Table A-5 below shows a tax bill for an average parcel of taxable property within CFD No. 2002-4 (based on assessed value). Table A-5 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-5 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-5  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
FISCAL YEAR 2024-25 PROPERTY TAX BILL  
SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$433,080	
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>	
<b>NET PROPERTY VALUE</b>	\$426,080	
	<i>Percent of</i>	<i>Expected</i>
	<i>Total Assessed</i>	<i>Amount to be</i>
	<i>Valuation</i>	<i>Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.11568%	
General Purpose	1.00000	\$ 4,260.79
Perris Union High School District	0.06850	291.86
Mount San Jacinto Junior College	0.00268	11.42
Metropolitan Water District East	0.00700	29.83
Eastern Municipal Water District	0.03750	159.78
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
CFD 2004-30 Barrington Heights EMWD		851.00
Metropolitan Water District Standby East		6.94
EMWD Infrastructure Availability Charge		26.00
CFD 92-1 Perris Union High School		336.26
Valley-Wide Meniffee Facilities LMD 88-1		353.92
Valley-Wide Regional Facilities LMD 88-1		5.54
AD Meniffee CSA 84		57.06
Fld Cntl Stormwater/Cleanwater		3.74
CSA #152		45.02
Meniffee Union School District CFD No. 2002-4		<u>976.58</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		<b>\$ 7,415.74</b>
<b>Percent of Property Taxes to Developed Property Assessed Value:</b>		<b>1.71233%</b>
		Rounded to 2 decimals:
		1.71%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 2,507 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2002-4.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2002-4 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2002-4 is 1.71233%. Table A-6 below sets forth the effective tax rate stratification of all parcels within CFD No. 2002-4 based on Fiscal Year 2024-25 assessed values.

**TABLE A-6  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2002- 4 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	9	\$ 62,810	\$ 64,867	\$ 34,343	\$ 162,020	\$ 1,762,402	10.88	\$ 43,975	2.50%	\$ 8,958	4.19%
2.10% to 2.30%	10	70,067	79,730	53,372	203,169	2,738,901	13.48	59,278	2.16	9,994	4.67
1.90% to 2.10%	25	180,484	215,763	171,149	567,397	8,782,870	15.48	173,391	1.97	25,742	12.03
1.75% to 1.90%	61	421,684	435,879	466,653	1,324,217	23,947,292	18.08	436,658	1.82	60,144	28.11
1.60% to 1.75%	47	315,194	330,573	465,924	1,111,692	23,909,885	21.51	396,309	1.66	44,955	21.01
1.40% to 1.60%	56	377,730	282,234	621,944	1,281,907	31,916,355	24.90	490,585	1.54	53,875	25.18
1.40% and below	<u>10</u>	<u>72,030</u>	<u>72,962</u>	<u>105,746</u>	<u>250,738</u>	<u>5,426,585</u>	<u>21.64</u>	<u>68,848</u>	<u>1.27</u>	<u>10,273</u>	<u>4.80</u>
Total <sup>(6)</sup>	218	\$ 1,500,000	\$ 1,482,008	\$ 1,919,131	\$ 4,901,139	\$ 98,484,290	20.09	\$ 1,669,044.24	1.69%	\$ 213,941	100.00%

(1) The CFD No. 2002-4 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-2 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-7 below summarizes the Special Tax delinquencies within CFD No. 2002-4 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-7  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcels Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	218	\$213,941.26	0	\$213,941.26	\$ 0.00	0.00%	\$ 0.00	0.00%
2021-22	218	213,941.26	6	210,311.73	3,629.53	1.70	0.00	0.00
2022-23	218	213,941.26	1	213,937.67	3.59	0.00	0.00	0.00
2023-24	218	213,941.26	1	212,964.68	976.58	0.46	976.58	0.46
2024-25	218	213,941.26	6	209,559.68	NA	NA	4,381.58	2.05

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2002-4 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-8  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 1,061.18	0.50%	\$ 790,704.00	\$ 32,529.24	24.31
Individual Property Owner	1	1,061.18	0.50	790,500.00	32,525.27	24.30
Individual Property Owner	1	1,061.18	0.50	779,728.00	32,315.36	24.13
Individual Property Owner	1	1,061.18	0.50	769,896.00	32,123.76	23.97
Individual Property Owner	1	1,061.18	0.50	739,500.00	31,531.45	23.45
Individual Property Owner	1	1,061.18	0.50	731,545.00	31,376.43	23.32
Individual Property Owner	1	1,061.18	0.50	709,276.00	30,942.48	22.92
Individual Property Owner	1	1,061.18	0.50	703,485.00	30,829.63	22.82
Individual Property Owner	1	1,061.18	0.50	681,375.00	29,568.51	23.04
Individual Property Owner	1	1,061.18	0.50	679,172.00	29,906.93	22.71
<b>Total<sup>(4)</sup></b>	<b>10</b>	<b>\$ 10,611.80</b>	<b>4.96%</b>	<b>\$ 7,375,181.00</b>	<b>\$ 313,649.06</b>	<b>23.51</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-2 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2002-5

**Location and Description.** CFD No. 2002-5 was formed by the School District on May 11, 2004 and is generally located on the north side of Newport Road, between Briggs Road and Lindemberger Road in the southwestern portion of the County, in the City. CFD No. 2002-5 is fully built out and was developed into 310 residential units on 40.69 net acres.

Ownership of the taxable property within CFD No. 2002-5 is significantly diversified, with one property owner owning two parcels and no other property owner owning more than one parcel. No property owner within CFD No. 2002-5 is responsible for more than 0.58% of the Special Tax levy.

**Assigned Special Taxes.** Table A-9 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2002-5 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2002-5 may not be levied after Fiscal Year 2040-41. The final maturity of the CFD No. 2002-5 Bonds is September 1, 2037.

**TABLE A-9**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 1,850 sq. ft.	51	\$1,338.00	\$ 68,238.00	13.89%
2	1,850 sq. ft. to 2,100 sq. ft.	43	1,402.00	60,286.00	12.27
3	2,101 sq. ft. to 2,300 sq. ft.	26	1,502.00	39,052.00	7.95
4	2,301 sq. ft. to 2,450 sq. ft.	30	1,539.00	46,170.00	9.40
5	2,451 sq. ft. to 2,650 sq. ft.	66	1,636.00	107,976.00	21.97
6	2,651 sq. ft. to 2,800 sq. ft.	62	1,739.00	107,818.00	21.94
7	> 2,800 sq. ft.	<u>32</u>	<u>1,933.00</u>	<u>61,856.00</u>	<u>12.59</u>
Developed Property		310	NA	491,396.00	100.00
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total <sup>(1)</sup>		310	NA	\$ 491,396.00	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2002-5 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no special tax prepayments within CFD No. 2002-5. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2002-5, as established by the County Assessor for Fiscal Year 2024-25, which totals \$123,189,905. See Table A-12.

CFD No. 2002-5 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2002-5 is shown in Table A-10 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2002-5; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The total assessed value shown in Table A-10 differs from the total assessed value shown in the other tables for CFD 2002-5 because Table A-10 includes all property that is exempt from the levy of the Special Tax within CFD No. 2002-5, while the other tables do not.

**TABLE A-10**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
2024-25 Secured Roll Assessed Value						\$ 123,189,926
<b>II. Secured Property Taxes</b>						
<i>Description on Tax Bill</i>	<i>Type</i>	<i>Total Parcels</i>	<i>Total Levy</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Levy</i>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.02945%	313	\$1,198,233.37
City of Menifee CSA No. 84	CSA	15,911	545,721.70	3.24473	310	17,707.20
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	1.26200	16	10,290.90
County of Riverside CFD No. 03-1	CFD	4,582	1,277,112.82	5.63145	310	71,920.00
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.13823	313	8,134.10
Eastern Municipal Water District ID No. U-35 Debt Service	GOB	20,912	868,616.47	1.18635	310	10,304.86
Eastern Municipal Water District ID No. U-36 Debt Service	GOB	20,910	868,566.82	1.18642	310	10,304.86
Menifee Union School District CFD No. 2002-5	CFD	330	491,396.00	100.00000	310	491,396.00
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.68243	310	60,870.33
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.09963	310	8,387.57
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.07601	310	2,151.40
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.08842	310	3,211.24
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	1.63485	308	103,568.08
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.42439	310	82,079.21
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.03369	310	954.68
Valley Wide Park and Recreation District LMD No. 88-1 (Menifee Facility)	LMD	7,041	2,299,903.70	4.77043	310	109,715.20
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.12488	310	1,717.40
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$2,190,946.40</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.78%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount</i>
County of Riverside CFD No. 03-1	CFD	\$20,000,000	\$6,395,000	5.63145%	310	\$ 360,131
Menifee Union School District CFD No. 2002-5	CFD	7,928,579	4,195,000	100.00000	310	4,195,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	1.63485	308	475,006
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 5,030,137</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 5,030,137</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount</i>
Eastern Municipal Water District ID No. U-35	GOB	\$9,000,000	\$6,080,000	1.15892%	310	\$ 70,462
Eastern Municipal Water District ID No. U-36	GOB	9,012,000	6,091,000	1.15898	310	70,594
Menifee Union School District GOB 2002	GOB	14,498,923	6,189,720	0.67308	310	41,662
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.67308	310	144,208
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.67308	310	810,703
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.04306	310	10,451
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.08829	310	209,534
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.42111	310	61,767
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.42111	310	569,265
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.42111	310	567,715
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 2,556,362</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 2,556,362</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$7,586,498.52</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>16.24:1</b>

<sup>(1)</sup> 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.

**Value-to-Lien.** Table A-11 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2002-5 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2002-5 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2002-5 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-11**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2002-5 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	201	\$ 2,561,004	\$ 540,407	\$1,972,423	\$5,073,834	\$ 95,050,168	18.73	\$ 317,394	64.59%
10.00 to 15.00	107	1,376,763	289,322	579,178	2,245,263	27,910,316	12.43	170,627	34.72
7.00 to 10.00	1	14,032	2,704	3,986	20,722	192,089	9.27	1,739	0.35
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	<u>1</u>	<u>13,201</u>	<u>2,704</u>	<u>775</u>	<u>16,679</u>	<u>37,332</u>	<u>2.24</u>	<u>1,636</u>	<u>0.33</u>
<b>Total <sup>(5)</sup></b>	<b>310</b>	<b>\$ 3,965,000</b>	<b>\$ 835,137</b>	<b>\$2,556,361</b>	<b>\$7,356,498</b>	<b>\$123,189,905</b>	<b>16.75</b>	<b>\$ 491,396</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2002-5 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-10 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.



**Historical Assessed Values.** Table A-12 summarizes the assessed values within CFD No. 2002-5 for the Fiscal Years shown.

**TABLE A-12**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$28,230,475	\$67,892,042	\$0	\$ 96,122,517	NA
2022	28,951,397	72,069,760	0	101,021,157	5.10%
2023	30,023,714	80,565,525	0	110,589,239	9.47
2024	30,519,391	88,164,707	0	118,684,098	7.32
2025	31,835,201	91,354,704	0	123,189,905	3.80

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-10, the taxable property within CFD No. 2002-5 is subject to several different taxes and assessments. Table A-13 below shows a tax bill for an average parcel of taxable property within CFD No. 2002-5 (based on assessed value). Table A-13 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-13 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-13**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**FISCAL YEAR 2024-25 PROPERTY TAX BILL**  
**SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$ 379,272	
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>	
<b>NET PROPERTY VALUE</b>	\$ 372,272	
	<i>Percent of</i>	<i>Expected</i>
	<i>Total Assessed</i>	<i>Amount to be</i>
	<i>Valuation</i>	<i>Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.14618%	
General Purpose	1.00000	\$ 3,722.72
Menifee Union School District	0.05080	189.11
Perris Union High School District	0.06850	255.01
Mount San Jacinto Junior College	0.00268	9.98
Metropolitan Water District East	0.00700	26.06
Eastern Municipal Water District U-35	0.00860	32.02
Eastern Municipal Water District U-36	0.00860	32.02
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
Valley-Wide Menifee Facilities LMD 88-1		353.92
AD Menifee CSA 84		57.12
CFD 03-1 Newport Road		232.00
Fld Cntl Stormwater/Cleanwater		3.36
CFD 92-1 Perris Union High School		336.26
Valley-Wide Regional Facilities LMD 88-1		5.54
Metropolitan Water District Standby East		6.94
EMWD Infrastructure Availability Charge		26.00
Menifee Union School District CFD No. 2002-5		<u>1,539.00</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		\$ 6,827.06
<b>Percent of Property Taxes to Developed Property Assessed Value:</b>		1.80004%
		Rounded to 2 decimals:
		1.80%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 2,357 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2002-5.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2002-5 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2002-5 is 1.80004%. Table A-14 below sets forth the effective tax rate stratification of all parcels within CFD No. 2002-5 based on Fiscal Year 2024-25 assessed values.

**TABLE A-14**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2002- 5 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	19	\$ 232,100	\$ 51,375	\$ 79,054	\$ 362,529	\$ 3,809,578	10.51	\$ 94,881	2.49%	\$ 28,765	5.85%
2.10% to 2.30%	54	687,071	146,013	276,802	1,109,885	13,338,970	12.02	293,723	2.20	85,151	17.33
1.90% to 2.10%	35	461,708	94,638	231,089	787,435	11,136,078	14.14	220,566	1.98	57,221	11.64
1.75% to 1.90%	83	1,057,850	224,427	663,559	1,945,836	31,976,618	16.43	581,057	1.82	131,103	26.68
1.60% to 1.75%	61	777,167	163,398	640,225	1,580,791	30,852,171	19.52	510,617	1.66	96,317	19.60
1.40% to 1.60%	47	604,324	127,085	568,476	1,299,885	27,394,587	21.07	429,905	1.57	74,896	15.24
1.40% and below	<u>11</u>	<u>144,779</u>	<u>28,201</u>	<u>97,156</u>	<u>270,136</u>	<u>4,681,903</u>	<u>17.33</u>	<u>60,123</u>	<u>1.28</u>	<u>17,943</u>	<u>3.65</u>
Total <sup>(6)</sup>	310	\$ 3,965,000	\$ 835,137	\$ 2,556,361	\$ 7,356,498	\$ 123,189,905	16.75	\$ 2,190,872.12	1.78%	\$ 491,396	100.00%

(1) The CFD No. 2002-5 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-10 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-15 below summarizes the Special Tax delinquencies within CFD No. 2002-5 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-15  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2002-5  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcels Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	310	\$491,396.00	2	\$489,059.00	\$ 2,337.00	0.48%	\$ 0.00	0.00%
2021-22	310	491,396.00	8	482,229.00	9,167.00	1.87	0.00	0.00
2022-23	310	491,396.00	4	486,789.00	4,607.00	0.94	1,874.50	0.38
2023-24	310	491,396.00	3	487,254.50	4,141.50	0.84	2,113.00	0.43
2024-25	310	491,396.00	10	481,395.93	NA	NA	10,000.07	2.04

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2002-5 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-16**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2002-5**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	2	\$ 2,840.00	0.58%	\$ 418,439.00	\$ 37,006.60	11.31
Individual Property Owner	1	1,933.00	0.39	743,886.00	33,737.69	22.05
Individual Property Owner	1	1,933.00	0.39	733,482.00	33,521.79	21.88
Individual Property Owner	1	1,933.00	0.39	702,270.00	32,874.10	21.36
Individual Property Owner	1	1,933.00	0.39	696,663.00	32,757.75	21.27
Individual Property Owner	1	1,933.00	0.39	665,000.00	32,100.70	20.72
Individual Property Owner	1	1,933.00	0.39	661,497.00	32,028.00	20.65
Individual Property Owner	1	1,933.00	0.39	620,297.00	31,173.05	19.90
Individual Property Owner	1	1,933.00	0.39	601,953.00	30,792.38	19.55
Individual Property Owner	<u>1</u>	<u>1,933.00</u>	<u>0.39</u>	<u>593,213.00</u>	<u>30,611.02</u>	<u>19.38</u>
<b>Total<sup>(4)</sup></b>	<b>11</b>	<b>\$ 20,237.00</b>	<b>4.12%</b>	<b>\$ 6,436,700.00</b>	<b>\$ 326,603.07</b>	<b>19.71</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-10 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2003-1

**Location and Description.** CFD No. 2003-1 was formed by the School District on July 22, 2003 and is generally located on the east side of Antelope Road (a frontage road to Interstate 215), and north of Aldergate Drive, in the southwestern portion of the County, in the City. CFD No. 2003-1 is fully built out and was developed into 109 residential units on 22.36 net acres.

Ownership of the taxable property within CFD No. 2003-1 is significantly diversified, with no property owner owning more than one parcel. No property owner within CFD No. 2003-1 is responsible for more than 0.99% of the Special Tax levy.

**Assigned Special Taxes.** Table A-17 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2003-1 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2003-1 may not be levied after Fiscal Year 2036-37. The final maturity of the CFD No. 2003-1 Bonds is September 1, 2037.

**TABLE A-17**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 2,200 sq. ft.	0	\$1,409.32	\$ 0.00	0.00%
2	2,201 sq. ft. to 2,600 sq. ft.	49	1,717.40	84,152.60	41.66
3	2,601 sq. ft. to 2,900 sq. ft.	23	1,905.96	43,837.08	21.70
4	> 2,900 sq. ft.	<u>37</u>	<u>2,000.24</u>	<u>74,008.88</u>	<u>36.64</u>
Developed Property		109	NA	201,998.56	100.00
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total <sup>(1)</sup>		109	NA	\$ 201,998.56	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

For the complete text of the CFD No. 2003-1 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no special tax prepayments within CFD No. 2003-1. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-1, as established by the County Assessor for Fiscal Year 2024-25, which totals \$50,914,229. See Table A-20.

CFD No. 2003-1 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2003-1 is shown in Table A-18 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2003-1; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE A-18**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
2024-25 Secured Roll Assessed Value						<b>\$ 50,914,229</b>
<b>II. Secured Property Taxes</b>						
<b>Description on Tax Bill</b>	<b>Type</b>	<b>Total Parcels</b>	<b>Total Levy</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Levy</b>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.01205%	109	\$ 490,272.76
City of Menifee CSA No. 84	CSA	15,911	545,721.70	1.11892	109	6,106.18
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	0.63830	9	5,204.98
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.18349	109	4,811.26
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.04816	109	2,834.00
Menifee Union School District CFD No. 2003-1	CFD	114	201,998.56	100.00000	109	201,998.56
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.27922	109	24,905.87
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.04076	109	3,431.86
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.02672	109	756.46
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.03618	109	1,313.96
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.17365	109	33,583.69
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.01446	109	409.64
Valley Wide Park and Recreation District LMD No. 88-1 (Menifee Facility)	LMD	7,041	2,299,903.70	1.67734	109	38,577.28
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.04391	109	603.86
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$ 814,810.36</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.60%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>%Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Menifee Union School District CFD No. 2003-1	CFD	\$2,944,206	\$1,595,000	100.00000%	109	\$ 1,595,000
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,595,000</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,595,000</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Menifee Union School District GOB 2002	GOB	\$14,498,923	\$6,189,720	0.27818%	109	\$ 17,219
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.27818	109	59,601
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.27818	109	335,062
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.01780	109	4,319
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.03649	109	86,600
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.17404	109	25,528
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.17404	109	235,277
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.17404	109	234,636
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 998,242</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 998,242</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$2,593,242.45</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>19.63:1</b>

<sup>(1)</sup> 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.

**Value-to-Lien.** Table A-19 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2003-1 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2003-1 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2003-1 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-19**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2003-1 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	97	\$ 1,337,404	\$ 0	\$ 937,101	\$2,274,506	\$ 47,795,801	21.01	\$ 179,504	88.86%
10.00 to 15.00	11	154,800	0	59,393	214,193	3,029,296	14.14	20,777	10.29
7.00 to 10.00	0	0	0	0	0	0	NA	0	0.00
5.00 to 7.00	1	12,796	0	1,748	14,543	89,132	6.13	1,717	0.85
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>109</b>	<b>\$ 1,505,000</b>	<b>\$ 0</b>	<b>\$ 998,242</b>	<b>\$2,503,242</b>	<b>\$ 50,914,229</b>	<b>20.34</b>	<b>\$ 201,999</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2003-1 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-18 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.



**Historical Assessed Values.** Table A-20 summarizes the assessed values within CFD No. 2003-1 for the Fiscal Years shown.

**TABLE A-20**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$10,521,452	\$30,959,367	\$0	\$41,480,819	NA
2022	10,686,286	32,720,929	0	43,407,215	4.64%
2023	10,942,883	36,246,834	0	47,189,717	8.71
2024	11,357,015	37,798,350	0	49,155,365	4.17
2025	11,772,960	39,141,269	0	50,914,229	3.58

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-18, the taxable property within CFD No. 2003-1 is subject to several different taxes and assessments. Table A-21 below shows a tax bill for an average parcel of taxable property within CFD No. 2003-1 (based on assessed value). Table A-21 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-21 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-21**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**FISCAL YEAR 2024-25 PROPERTY TAX BILL**  
**SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$451,670	
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>	
<b>NET PROPERTY VALUE</b>	\$444,670	
	<i>Percent of</i>	<i>Expected</i>
	<i>Total Assessed</i>	<i>Amount to be</i>
	<i>Valuation</i>	<i>Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.12898%	
General Purpose	1.00000	\$ 4,446.70
Menifee Union School District	0.05080	225.89
Perris Union High School District	0.06850	304.60
Mount San Jacinto Junior College	0.00268	11.92
Metropolitan Water District East	0.00700	31.13
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
AD Menifee CSA 84		56.02
Fld Cntl Stormwater/Cleanwater		3.74
CSA #152		44.14
EMWD Infrastructure Availability Charge		26.00
Valley-Wide Menifee Facilities LMD 88-1		353.92
Valley-Wide Regional Facilities LMD 88-1		5.54
Metropolitan Water District Standby East		6.94
Menifee Union School District CFD No. 2003-1		<u>2,000.24</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		\$ 7,516.78
<b>Percent of Property Taxes to Developed Property Assessed Value:</b>		1.66422%
		Rounded to 2 decimals:
		1.66%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 2,995 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2003-1.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2003-1 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2003-1 is 1.66422%. Table A-22 below sets forth the effective tax rate stratification of all parcels within CFD No. 2003-1 based on Fiscal Year 2024-25 assessed values.

**TABLE A-22**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2003- 1 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	1	\$ 12,796	\$ 0	\$ 1,748	\$ 14,543	\$ 89,132	6.13	\$ 3,141	3.52%	\$ 1,717	0.85%
2.10% to 2.30%	0	0	0	0	0	0	N/A	0	0.00	0	0.00
1.90% to 2.10%	12	169,000	0	69,271	238,272	3,533,104	14.83	69,604	1.97	22,683	11.23
1.75% to 1.90%	18	251,393	0	123,838	375,231	6,316,217	16.83	114,610	1.81	33,742	16.70
1.60% to 1.75%	26	354,460	0	223,524	577,984	11,400,581	19.72	190,808	1.67	47,575	23.55
1.40% to 1.60%	43	592,356	0	499,434	1,091,790	25,473,054	23.33	387,300	1.52	79,505	39.36
1.40% and below	9	124,994	0	80,428	205,422	4,102,141	19.97	49,347	1.20	16,777	8.31
Total <sup>(6)</sup>	109	\$ 1,505,000	\$ 0	\$ 998,242	\$ 2,503,242	\$ 50,914,229	20.34	\$ 814,810.36	1.60%	\$ 201,999	100.00%

(1) The CFD No. 2003-1 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-18 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-23 below summarizes the Special Tax delinquencies within CFD No. 2003-1 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-23**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i><b>Fiscal Year</b></i>	<i><b>Parcels Levied</b></i>	<i><b>Aggregate Special Taxes</b></i>	<i><b>Parcels Delinquent</b></i>	<i><b>Amount Collected</b></i>	<i><b>Amount Delinquent as of June 30<sup>(1)</sup></b></i>	<i><b>Delinquency Rate</b></i>	<i><b>As of April 10, 2025</b></i>	
							<i><b>Remaining Amount Delinquent</b></i>	<i><b>Remaining Delinquency Rate</b></i>
2020-21	109	\$201,998.56	0	\$201,998.56	\$ 0.00	0.00%	\$ 0.00	0.00%
2021-22	109	201,998.56	1	200,998.44	1,000.12	0.50	0.00	0.00
2022-23	109	201,998.56	1	200,998.44	1,000.12	0.50	0.00	0.00
2023-24	109	201,998.56	0	201,998.56	0.00	0.00	0.00	0.00
2024-25	109	201,998.56	3	198,045.22	NA	NA	3,953.34	1.96

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2003-1 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-24**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-1**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 2,000.24	0.99%	\$ 713,479.00	\$ 28,891.61	24.70
Individual Property Owner	1	2,000.24	0.99	675,693.00	28,150.76	24.00
Individual Property Owner	1	2,000.24	0.99	668,560.00	28,010.91	23.87
Individual Property Owner	1	2,000.24	0.99	666,775.00	27,975.91	23.83
Individual Property Owner	1	2,000.24	0.99	655,452.00	27,753.91	23.62
Individual Property Owner	1	2,000.24	0.99	645,048.00	27,549.92	23.41
Individual Property Owner	1	2,000.24	0.99	641,438.00	27,479.15	23.34
Individual Property Owner	1	2,000.24	0.99	632,400.00	27,301.94	23.16
Individual Property Owner	1	2,000.24	0.99	610,917.00	26,880.74	22.73
Individual Property Owner	<u>1</u>	<u>2,000.24</u>	<u>0.99</u>	<u>610,906.00</u>	<u>26,880.52</u>	<u>22.73</u>
<b>Total <sup>(4)</sup></b>	<b>10</b>	<b>\$ 20,002.40</b>	<b>9.90%</b>	<b>\$ 6,520,668.00</b>	<b>\$ 276,875.38</b>	<b>23.55</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-18 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2003-2 Improvement Area A

**Location and Description.** CFD No. 2003-2, and Improvement Area A therein, was formed by the School District in May 2006 and is generally located in the southwestern portion of County, in the City. Improvement Area A of CFD No. 2003-2 is fully built out and was developed into 715 residential units on 122.26 net acres.

Ownership of the taxable property within Improvement Area A of CFD No. 2003-2 with one property owner owning three parcels and no other property owner owning more than two. No property owner within CFD No. 2003-2 is responsible for more than 0.39% of the Special Tax levy.

**Assigned Special Taxes.** Table A-25 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property in Improvement Area A of CFD No. 2003-2 in Fiscal Year 2024-25. The Special Taxes in Improvement Area A of CFD No. 2003-2 may not be levied after Fiscal Year 2050-51. The final maturity of the CFD No. 2003-2 Bonds is September 1, 2039.

**TABLE A-25  
MENIFEE UNION SCHOOL DISTRICT  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 2003-2  
SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 1,870 sq. ft.	73	\$ 817.10	\$ 59,648.30	8.13%
2	1,871 sq. ft. to 2,100 sq. ft.	143	856.28	122,448.04	16.69
3	2,101 sq. ft. to 2,300 sq. ft.	156	915.08	142,752.48	19.45
4	2,301 sq. ft. to 2,500 sq. ft.	37	959.18	35,489.66	4.84
5	2,501 sq. ft. to 2,700 sq. ft.	56	1,027.78	57,555.68	7.84
6	2,701 sq. ft. to 2,900 sq. ft.	99	1,106.16	109,509.84	14.92
7	2,901 sq. ft. to 3,100 sq. ft.	51	1,174.76	59,912.76	8.17
8	3,101 sq. ft. to 3,250 sq. ft.	15	1,262.94	18,944.10	2.58
9	3,251 sq. ft. to 3,500 sq. ft.	13	1,356.04	17,628.52	2.40
10	3,501 sq. ft. to 3,700 sq. ft.	25	1,439.32	35,983.00	4.90
11	3,701 sq. ft. to 3,900 sq. ft.	15	1,552.02	23,280.30	3.17
12	> 3,900 sq. ft.	<u>32</u>	<u>1,581.42</u>	<u>50,605.44</u>	<u>6.90</u>
Developed Property		715	NA	733,758.12	100.00
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total <sup>(1)</sup>		715	NA	\$ 733,758.12	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the Improvement Area A of CFD No. 2003-2 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no prepayments within Improvement Area A of CFD 2003-2. However, see the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

***Direct and Overlapping Debt.*** The Authority has obtained the assessed values of all of the taxable property in Improvement Area A of CFD No. 2003-2, as established by the County Assessor for Fiscal Year 2024-25, which totals \$308,643,258. See Table A-28.

Improvement Area A of CFD No. 2003-2 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area A of CFD No. 2003-2 is shown in Table A-26 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area A of CFD No. 2003-2; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. Table A-26 reflects the Prior CFD No. 2003-2 Bonds and does not account for the issuance of the CFD 2003-2 No. Bonds. The total assessed value shown in Table A-26 differs from the total assessed value shown in the other tables for CFD 2003-2 because Table A-26 includes all property that is exempt from the levy of the Special Tax within CFD No. 2003-2, while the other tables do not.

**TABLE A-26**  
**MENIFEE UNION SCHOOL DISTRICT**  
**IMPROVEMENT AREA A OF**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-2**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
<b>2024-25 Secured Roll Assessed Value</b>						
						<b>\$ 340,932,462</b>
<b>II. Secured Property Taxes</b>						
<b>Description on Tax Bill</b>	<b>Type</b>	<b>Total Parcels</b>	<b>Total Levy</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Levy</b>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.08030%	727	\$3,267,525.47
City of Menifee CFD No. 2015-2, Tax Zone 13	CFDPAYG	6	60,804.54	100.00000	6	60,804.54
City of Menifee CSA No. 84	CSA	15,911	545,721.70	4.36045	715	23,795.94
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	2.30512	31	18,796.90
City of Menifee LLMD No. 89-1-C, Zone 121	LLMD	715	5,705.70	100.00000	715	5,705.70
County of Riverside CFD No. 03-1	CFD	4,582	1,277,112.82	13.79202	728	176,139.66
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.02232	13	585.26
CSCDA CaliforniaFirst Program (County of Riverside) <sup>(1)</sup>	1915	926	2,343,429.66	0.30034	3	7,038.14
Eastern Municipal Water District CFD No. 2005-47, Impv Area A	CFD	715	716,877.82	100.00000	715	716,877.82
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.26129	728	15,375.14
Eastern Municipal Water District ID No. U-35 Debt Service	GOB	20,912	868,616.47	3.23513	727	28,100.85
Eastern Municipal Water District ID No. U-36 Debt Service	GOB	20,910	868,566.82	3.23531	727	28,100.85
Menifee Union School District CFD No. 2003-2, Impv Area A	CFD	781	733,758.12	100.00000	715	733,758.12
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	1.86095	727	165,990.58
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.27168	727	22,872.78
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.17951	728	5,081.10
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.24113	727	8,756.91
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	3.65717	689	231,683.14
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	1.15730	727	223,825.88
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.10431	721	2,955.40
Valley Wide Park and Recreation District LMD No. 88-1 (Menifee Facility)	LMD	7,041	2,299,903.70	11.57521	721	266,218.60
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.28802	715	3,961.10
WRCOG CaliforniaFIRST Financing Program <sup>(1)</sup>	1915	93	263,906.00	0.31866	1	840.96
WRCOG HERO Financing Program (County of Riverside) <sup>(1)</sup>	1915	301	740,905.30	0.28251	1	2,093.16
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$6,016,884.00</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.76%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>%Applicable</b>	<b>Parcels</b>	<b>Amount</b>
County of Riverside CFD No. 03-1	CFD	\$20,000,000	\$6,395,000	13.79202%	728	\$ 882,000
Eastern Municipal Water District CFD No. 2005-47, Impv Area A	CFD	13,550,000	10,285,000	100.00000	715	10,285,000
Menifee Union School District CFD No. 2003-2, Impv Area A	CFD	11,577,319	6,405,000	100.00000	715	6,405,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	3.65717	689	1,062,591
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 18,634,590</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 18,634,590</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Eastern Municipal Water District ID No. U-35	GOB	\$9,000,000	\$6,080,000	3.20736%	727	\$ 195,007
Eastern Municipal Water District ID No. U-36	GOB	9,012,000	6,091,000	3.20753	727	195,371
Menifee Union School District GOB 2002	GOB	14,498,923	6,189,720	1.86277	727	115,301
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	1.86277	727	399,100
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	1.86277	727	2,243,648
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.11917	727	28,923
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.24434	727	579,894
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	1.16543	727	170,943
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	1.16543	727	1,575,462
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	1.16543	727	1,571,173
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 7,074,821</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 7,074,821</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$ 25,709,411.31</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>13.26%</b>

<sup>(1)</sup> Does not include PACE program liens due to the variable nature of each lien.

<sup>(2)</sup> 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.



**Value-to-Lien.** Table A-27 below sets forth the stratification of value-to-liens of the taxable property within Improvement Area A of CFD No. 2003-2 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2003-2 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within Improvement Area A of CFD No. 2003-2 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-27**  
**MENIFEE UNION SCHOOL DISTRICT**  
**IMPROVEMENT AREA A OF**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-2**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25) \***

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2003-2 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	105	\$ 917,379	\$1,694,307	\$1,302,564	\$ 3,914,249	\$ 62,769,969	16.04	\$ 101,223	13.80%
10.00 to 15.00	498	4,577,309	8,394,133	4,411,448	17,382,890	212,585,696	12.23	505,058	68.83
7.00 to 10.00	100	1,011,388	1,833,828	629,476	3,474,693	30,334,175	8.73	111,596	15.21
5.00 to 7.00	10	127,870	225,126	56,488	409,485	2,722,131	6.65	14,109	1.92
3.00 to 5.00	2	16,054	30,822	4,800	51,675	231,287	4.48	1,771	0.24
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>715</b>	<b>\$ 6,650,000</b>	<b>\$12,178,216</b>	<b>\$6,404,775</b>	<b>\$ 25,232,991</b>	<b>\$308,643,258</b>	<b>12.23</b>	<b>\$ 733,758</b>	<b>100.00%</b>

\* Preliminary, subject to change.

<sup>(1)</sup> The CFD No. 2003-2 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-26 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-28 below summarizes the assessed values within Improvement Area A of CFD No. 2003-2 for the Fiscal Years shown.

**TABLE A-28  
MENIFEE UNION SCHOOL DISTRICT  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 2003-2  
HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<b><i>Fiscal Year Ending (June 30) <sup>(1)</sup></i></b>	<b><i>Assessed Value Land</i></b>	<b><i>Assessed Value Improvement</i></b>	<b><i>Assessed Value Other</i></b>	<b><i>Total Assessed Value <sup>(2)</sup></i></b>	<b><i>Percentage Change</i></b>
2021	\$65,996,542	\$187,725,449	\$0	\$253,721,991	NA
2022	67,557,781	196,033,454	0	263,591,235	3.89%
2023	69,397,884	213,098,354	0	282,496,238	7.17
2024	70,601,955	226,817,597	0	297,419,552	5.28
2025	73,048,843	235,594,415	0	308,643,258	3.77

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).  
Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-26, the taxable property within Improvement Area A of CFD No. 2003-2 is subject to several different taxes and assessments. Table A-29 below shows a tax bill for an average parcel of taxable property within Improvement Area A of CFD No. 2003-2 (based on assessed value). Table A-29 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-29 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-29  
MENIFEE UNION SCHOOL DISTRICT  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 2003-2  
FISCAL YEAR 2024-25 PROPERTY TAX BILL  
SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$415,582	
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>	
<b>NET PROPERTY VALUE</b>	\$408,582	
	<i>Percent of Total Assessed Valuation</i>	<i>Expected Amount to be Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.14618%	
General Purpose	1.00000	\$ 4,085.81
Eastern Municipal Water District U-36	0.00860	35.14
Meniffee Union School District	0.05080	207.56
Perris Union School District	0.06850	279.88
Mount San Jacinto Community College District GO Bonds	0.00268	10.95
Metropolitan Water District GO Bonds	0.00700	28.60
Eastern Municipal Water District U-35	0.00860	35.14
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
EMWD Infrastructure Availability Charge		21.00
CFD 2005-47 The Lakes EMWD		885.70
CFD 92-1 Perris Union High School District		336.26
AD Meniffee LLMD 89-1-C Zn 121		7.98
AD Meniffee CSA 84		11.46
Valley-Wide Meniffee Facilities LMD 88-1		353.92
CFD 03-1 Newport Road		232.00
Field Control Stormwater/Cleanwater		3.36
Valley-Wide Regional Facilities LMD 88-1		5.54
MWD Standby East		6.94
Meniffee Union School District CFD No. 2003-2 IA A		<u>856.28</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		<b>\$ 7,403.52</b>
<b>Percent of Property Taxes to Developed Property Assessed Value:</b>		<b>1.78148%</b>
		Rounded to 2 decimals: 1.78%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 1,901 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2003-2 IA A.  
Source: Riverside County Tax Collector.

Tax rates within Improvement Area A of CFD No. 2003-2 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within Improvement Area A of CFD No. 2003-2 is 1.78148%. Table A-30 below sets forth the effective tax rate stratification of all parcels within Improvement Area A of CFD No. 2003-2 based on Fiscal Year 2024-25 assessed values.

**TABLE A-30  
MENIFEE UNION SCHOOL DISTRICT  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 2003-2  
FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION\***

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2003- 2 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	42	\$ 453,290	\$ 805,473	\$ 230,272	\$ 1,489,035	\$ 11,096,715	7.45	\$ 275,710	2.48%	\$ 50,016	6.82%
2.10% to 2.30%	43	403,237	750,521	275,906	1,429,664	13,295,807	9.30	290,325	2.18	44,493	6.06
1.90% to 2.10%	156	1,462,494	2,683,018	1,183,376	5,328,888	57,026,351	10.70	1,126,887	1.98	161,371	21.99
1.75% to 1.90%	252	2,279,876	4,196,501	2,256,944	8,733,321	108,761,112	12.45	1,984,298	1.82	251,561	34.28
1.60% to 1.75%	144	1,332,290	2,432,600	1,693,795	5,458,685	81,623,221	14.95	1,359,903	1.67	147,004	20.03
1.40% to 1.60%	46	437,975	786,508	464,320	1,688,803	22,375,371	13.25	339,742	1.52	48,326	6.59
1.40% and below	<u>32</u>	<u>280,838</u>	<u>523,595</u>	<u>300,162</u>	<u>1,104,595</u>	<u>14,464,681</u>	<u>13.10</u>	<u>192,082</u>	<u>1.33</u>	<u>30,988</u>	<u>4.22</u>
Total <sup>(6)</sup>	715	\$ 6,650,000	\$12,178,216	\$ 6,404,775	\$25,232,991	\$308,643,258	12.23	\$ 5,568,945.74	1.80%	\$ 733,758	100.00%

\* Preliminary, subject to change.

(1) The CFD No. 2003-2 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-26 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-31 below summarizes the Special Tax delinquencies within Improvement Area A of CFD No. 2003-2 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-31  
MENIFEE UNION SCHOOL DISTRICT  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 2003-2  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcels Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	713	\$733,758.12	9	\$727,530.25	\$ 6,227.87	0.85%	\$ 959.18	0.13%
2021-22	713	733,758.12	21	718,513.06	15,245.06	2.08	2,133.94	0.29
2022-23	713	733,758.12	5	729,434.48	4,323.64	0.59	1,301.68	0.18
2023-24	713	733,758.12	5	729,728.46	4,029.66	0.55	915.08	0.12
2024-25	713	733,758.12	19	721,828.74	NA	NA	11,929.38	1.63

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers within Improvement Area A of CFD No. 2003-2 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-32**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-2**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	3	\$ 2,838.34	0.39%	\$ 1,354,997.00	\$ 102,047.21	13.28
Individual Property Owner	2	2,354.40	0.32	887,498.00	78,957.23	11.24
Individual Property Owner	2	1,771.36	0.24	705,442.00	61,514.65	11.47
Individual Property Owner	1	1,581.42	0.22	816,000.00	56,419.17	14.46
Individual Property Owner	1	1,581.42	0.22	780,300.00	55,678.34	14.01
Individual Property Owner	1	1,581.42	0.22	759,492.00	55,246.55	13.75
Individual Property Owner	1	1,581.42	0.22	718,000.00	54,385.53	13.20
Individual Property Owner	1	1,581.42	0.22	717,813.00	54,381.65	13.20
Individual Property Owner	1	1,581.42	0.22	702,270.00	54,059.11	12.99
Individual Property Owner	<u>1</u>	<u>1,581.42</u>	<u>0.22</u>	<u>669,599.00</u>	<u>53,381.14</u>	<u>12.54</u>
<b>Total <sup>(4)</sup></b>	<b>14</b>	<b>\$ 18,034.04</b>	<b>2.46%</b>	<b>\$ 8,111,411.00</b>	<b>\$ 626,070.58</b>	<b>12.96</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-26 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2003-4

**Location and Description.** CFD No. 2003-4 was formed by the School District on December 14, 2004 and is generally located on west of Interstate 215 along both the north and south side of Lazy Creek Road, east of Evans Road and Brookfield Drive and west of Bradley Road, and generally between Newport Road to the south and the Salt Creek Channel to the immediate north, in the southwestern portion of County, in the City. CFD No. 2003-4 is fully built out and was developed into 227 residential units on 41.10 net acres.

Ownership of the taxable property within CFD No. 2003-4 is significantly diversified, with no property owner owning more than one parcel. No property owner within CFD No. 2003-4 is responsible for more than 0.48% of the Special Tax levy.

**Assigned Special Taxes.** Table A-33 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2003-4 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2003-4 may not be levied after Fiscal Year 2040-41. The final maturity of the CFD No. 2003-4 Bonds is September 1, 2038.

**TABLE A-33**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-4**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 2,700 sq. ft.	61	\$ 882.54	\$ 53,834.94	24.34%
2	2,701 sq. ft. to 2,900 sq. ft.	0	903.16	0.00	0.00
3	2,901 sq. ft. to 3,100 sq. ft.	57	923.78	52,655.46	23.81
4	3,101 sq. ft. to 3,300 sq. ft.	12	1,022.80	12,273.60	5.55
5	> 3,300 sq. ft.	97	1,055.80	102,412.60	46.30
Developed Property		227	NA	221,176.60	100.00
Undeveloped Property		0.0000	0.00	0.00	0.00
Total <sup>(1)</sup>		227	NA	\$ 221,176.60	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2003-4 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there has been a total of one special tax prepayment within CFD No. 2003-4. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-4, as established by the County Assessor for Fiscal Year 2024-25, which totals \$102,795,138. See Table A-36.

CFD No. 2003-4 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2003-4 is shown in Table A-34 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2003-4; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. Table A-34 reflects the Prior CFD No. 2003-4 Bonds and does not account for the issuance of the CFD No. 2003-4 Bonds. The total assessed value shown in Table A-34 differs from the total assessed value shown in the other tables for CFD 2003-4 because Table A-34 includes all property that is exempt from the levy of the Special Tax within CFD No. 2003-4, while the other tables do not.

**TABLE A-34  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2003-4  
DIRECT AND OVERLAPPING DEBT  
AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
<b>2024-25 Secured Roll Assessed Value</b>						
						<b>\$ 103,072,868</b>
<b>II. Secured Property Taxes</b>						
<b>Description on Tax Bill</b>						
	<b>Type</b>	<b>Total Parcels</b>	<b>Total Levy</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Levy</b>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.02435%	228	\$ 990,640.44
City of Menifee CSA No. 145	CSA	7,744	1,042,046.62	4.48628	228	46,749.12
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	0.80963	11	6,602.06
City of Menifee LLMD No. 89-1C, Zone 47	LLMD	228	12,918.48	100.00000	228	12,918.48
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.39147	228	10,264.56
Eastern Municipal Water District CFD No. 2004-34	CFD	227	334,517.14	100.00000	227	334,517.14
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.10074	228	5,928.00
Eastern Municipal Water District ID No. U-35 Debt Service	GOB	20,912	868,616.47	0.98082	228	8,519.54
Eastern Municipal Water District ID No. U-36 Debt Service	GOB	20,910	868,566.82	0.98087	228	8,519.54
Menifee Union School District CFD No. 2003-4	CFD	231	221,176.60	100.00000	227	221,176.60
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.56420	228	50,324.58
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.08237	228	6,934.50
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.05590	228	1,582.32
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.07311	228	2,654.90
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	1.01382	191	64,225.66
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.35087	228	67,858.92
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.02994	228	848.40
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,840,264.76</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.79%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>						
	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Eastern Municipal Water District CFD No. 2004-34	CFD	\$6,785,000	\$3,590,000	100.00000%	227	\$ 3,590,000
Menifee Union School District CFD No. 2003-4	CFD	3,363,280	1,945,000	100.00000	227	1,945,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	1.01382	191	294,565
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 5,829,565</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 5,829,565</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>						
	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Eastern Municipal Water District ID No. U-35	GOB	\$9,000,000	\$6,080,000	0.96967%	228	\$ 58,956
Eastern Municipal Water District ID No. U-36	GOB	9,012,000	6,091,000	0.96972	228	59,066
Menifee Union School District GOB 2002	GOB	14,498,923	6,189,720	0.56317	228	34,858
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.56317	228	120,658
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.56317	228	678,314
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.03603	228	8,744
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.07387	228	175,317
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.35234	228	51,681
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.35234	228	476,304
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.35234	228	475,007
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 2,138,905</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 2,138,905</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$7,968,470.20</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>12.94:1</b>

<sup>(1)</sup> 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.



**Value-to-Lien.** Table A-35 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2003-4 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2003-4 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2003-4 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-35**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-4**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)\***

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2003-4 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	72	\$ 564,790	\$ 771,176	\$ 822,789	\$ 2,158,755	\$ 39,649,822	18.37	\$ 70,976	32.09%
10.00 to 15.00	100	765,300	2,007,667	986,388	3,759,355	47,533,617	12.64	96,174	43.48
7.00 to 10.00	55	429,910	1,105,722	323,964	1,859,596	15,611,699	8.40	54,026	24.43
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>227</b>	<b>\$ 1,760,000</b>	<b>\$3,884,565</b>	<b>\$2,133,142</b>	<b>\$ 7,777,707</b>	<b>\$102,795,138</b>	<b>13.22</b>	<b>\$ 221,177</b>	<b>100.00%</b>

\* Preliminary, subject to change.

<sup>(1)</sup> The CFD No. 2003-4 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-34 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-36 summarizes the assessed values within CFD No. 2003-4 for the Fiscal Years shown.

**TABLE A-36**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-4**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$21,569,678	\$57,835,092	\$0	\$ 79,404,770	NA
2022	22,304,866	62,611,644	0	84,916,510	6.94%
2023	23,343,192	69,819,889	0	93,163,081	9.71
2024	23,808,923	75,698,214	0	99,507,137	6.81
2025	24,647,005	78,148,133	0	102,795,138	3.30

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-35, the taxable property within CFD No. 2003-4 is subject to several different taxes and assessments. Table A-38 below shows a tax bill for an average parcel of taxable property within CFD No. 2003-4 (based on assessed value). Table A-38 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-38 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-37  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2003-4  
FISCAL YEAR 2024-25 PROPERTY TAX BILL  
SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$ 446,033	
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>	
<b>NET PROPERTY VALUE</b>	\$ 439,033	
	<i>Percent of Total Assessed Valuation</i>	<i>Expected Amount to be Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.14618%	
General Purpose	1.00000	\$ 4,390.33
Eastern Municipal Water District U-36	0.00860	37.76
Menifee Union School District	0.05080	223.03
Perris Union School District	0.06850	300.74
Mount San Jacinto Community College District GO Bonds	0.00268	11.77
Metropolitan Water District GO Bonds	0.00700	30.73
Eastern Municipal Water District U-35	0.00860	37.76
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
CFD 92-1 Perris Union High School District		336.26
CSA #152		45.02
Field Control Stormwater/Cleanwater		3.74
MWD Standby East		6.94
AD Menifee LLMD 89-1-C Zn 47		56.66
EMWD Infrastructure Availability Charge		26.00
AD Menifee CSA 145		205.04
CFD 2004-34 Faircrest EMWD		1,491.10
Menifee Union School District CFD No. 2003-4		<u>1,022.80</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		\$ 8,225.67
<b>Percent of Property Taxes to Developed Property Assessed Value:</b>		1.84418%
		Rounded to 2 decimals: 1.84%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 3,164 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2003-4.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2003-4 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2003-4 is 1.84418%. Table A-38 below sets forth the effective tax rate stratification of all parcels within CFD No. 2003-4 based on Fiscal Year 2024-25 assessed values.

**TABLE A-38**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-4**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION\***

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2003- 4 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	17	\$ 128,447	\$ 341,026	\$ 92,590	\$ 562,063	\$ 4,461,868	7.94	\$ 106,679	2.39%	\$ 16,142	7.30%
2.10% to 2.30%	38	296,867	688,743	229,877	1,215,488	11,077,668	9.11	243,629	2.20	37,307	16.87
1.90% to 2.10%	27	207,471	448,232	208,597	864,300	10,052,219	11.63	199,526	1.98	26,073	11.79
1.75% to 1.90%	46	352,458	735,639	424,165	1,512,262	20,440,308	13.52	373,584	1.83	44,293	20.03
1.60% to 1.75%	72	556,846	1,296,129	878,809	2,731,784	42,349,406	15.50	704,902	1.66	69,978	31.64
1.40% to 1.60%	18	144,989	193,429	194,949	533,366	9,394,483	17.61	143,997	1.53	18,221	8.24
1.40% and below	9	72,921	181,367	104,155	358,443	5,019,186	14.00	66,368	1.32	9,164	4.14
Total <sup>(6)</sup>	227	\$ 1,760,000	\$ 3,884,565	\$ 2,133,142	\$ 7,777,707	\$ 102,795,138	13.22	\$ 1,838,684.10	1.79%	\$ 221,177	100.00%

\* Preliminary, subject to change.

(1) The CFD No. 2003-4 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-34 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-39 below summarizes the Special Tax delinquencies within CFD No. 2003-4 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-39  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2003-4  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcels Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	227	\$221,176.60	4	\$218,355.72	\$ 2,820.88	1.28%	\$ 0.00	0.00%
2021-22	227	221,176.60	4	217,786.58	3,390.02	1.53	0.00	0.00
2022-23	227	221,176.60	3	219,370.28	1,806.32	0.82	923.78	0.42
2023-24	227	221,176.60	1	220,252.82	923.78	0.42	923.78	0.42
2024-25	227	221,176.60	5	218,508.36	NA	NA	2,668.24	1.21

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2003-4 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-40**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-4**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 1,055.80	0.48%	\$ 727,299.00	\$ 24,900.06	29.21
Individual Property Owner	1	1,055.80	0.48	716,000.00	43,461.40	16.47
Individual Property Owner	1	1,055.80	0.48	708,900.00	43,314.06	16.37
Individual Property Owner	1	1,055.80	0.48	707,033.00	43,275.32	16.34
Individual Property Owner	1	1,055.80	0.48	696,895.00	43,064.94	16.18
Individual Property Owner	1	1,055.80	0.48	694,620.00	24,221.92	28.68
Individual Property Owner	1	1,055.80	0.48	691,559.00	42,954.21	16.10
Individual Property Owner	1	1,055.80	0.48	684,624.00	42,810.30	15.99
Individual Property Owner	1	1,055.80	0.48	681,670.00	42,749.00	15.95
Individual Property Owner	<u>1</u>	<u>1,055.80</u>	<u>0.48</u>	<u>679,252.00</u>	<u>42,698.82</u>	<u>15.91</u>
<b>Total <sup>(4)</sup></b>	<b>10</b>	<b>\$ 10,558.00</b>	<b>4.77%</b>	<b>\$ 6,987,852.00</b>	<b>\$ 393,450.03</b>	<b>17.76</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-34 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2004-2

**Location and Description.** CFD No. 2004-2 was formed by the School District on July 27, 2004 and is generally located along the east side of Menifee Road at Tulita Lane, west of Pitman Lane and south of Scott Road, in the southeast portion of the County, in City. CFD No. 2004-2 is fully built out and was developed into 146 residential units on 28.38 net acres.

Ownership of the taxable property within CFD No. 2004-2 is significantly diversified, with no property owner owning more than one parcel within CFD No. 2004-2. No property owner within CFD No. 2004-2 is responsible for more than 0.73% of the Special Tax levy.

**Assigned Special Taxes.** Table A-41 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2004-2 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2004-2 may not be levied after Fiscal Year 2040-41. The final maturity of the CFD No. 2004-2 Bonds is September 1, 2038.

**TABLE A-41**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 3,000 sq. ft.	93	\$1,232.10	\$ 219,967.32	61.46%
2	3,000 sq. ft. to 3,300 sq. ft.	15	1,285.66	38,250.60	10.69
3	> 3,300 sq. ft.	38	1,660.66	99,709.72	27.86
Developed Property		146	NA	357,927.64	100.00
Undeveloped Property		0.0000	0.00	0.00	0.00
Total <sup>(1)</sup>		146	NA	\$ 357,927.64	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

For the complete text of the CFD No. 2004-2 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been a total of two prepayments within CFD No. 2004-2. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-2, as established by the County Assessor for Fiscal Year 2024-25, which totals \$62,277,674. See Table A-44.

CFD No. 2004-2 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2004-2 is shown in Table A-42 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2004-2; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE A-42**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
2024-25 Secured Roll Assessed Value						\$ 62,277,674
<b>II. Secured Property Taxes</b>						
<i>Description on Tax Bill</i>						
	<i>Type</i>	<i>Total Parcels</i>	<i>Total Levy</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Levy</i>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.01436%	146	\$ 584,418.06
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.24896	145	6,527.90
County of Riverside CSA No. 84 (Street Lights)	CSA	2,582	187,867.28	4.34690	145	8,166.40
County of Riverside Delinquent Solid Waste Management Charge	DQ	4,220	2,447,215.36	0.13720	7	3,357.54
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.07443	146	4,380.00
Menifee Union School District CFD No. 2004-2	CFD	146	357,927.64	100.00000	146	357,927.64
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.33284	146	29,688.50
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.04859	146	4,090.99
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.03580	146	1,013.24
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.04313	146	1,566.23
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	0.77496	146	49,093.96
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.20699	146	40,032.66
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.01932	146	547.42
Valley Wide Park and Recreation District LMD (Menifee South Park)	LMD	2,502	1,554,755.78	3.50267	146	54,458.00
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.05881	146	808.84
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,146,077.38</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.84%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount</i>
Menifee Union School District CFD No. 2004-2	CFD	\$5,493,506	\$3,060,000	100.00000%	146	\$ 3,060,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	0.77496	146	225,165
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,285,165</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,285,165</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount</i>
Menifee Union School District GOB 2002	GOB	\$14,498,923	\$6,189,720	0.34027%	146	\$ 21,062
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.34027	146	72,903
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.34027	146	409,844
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.02177	146	5,283
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.04463	146	105,928
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.21289	146	31,226
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.21289	146	287,787
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.21289	146	287,004
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,221,038</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,221,038</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$4,506,202.82</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>13.82:1</b>

<sup>(1)</sup> 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.



**Value-to-Lien.** Table A-43 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2004-2 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2004-2 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2004-2 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-43**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004-2 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	48	\$ 965,393	\$ 74,027	\$ 536,947	\$ 1,576,366	\$ 27,386,368	17.37	\$ 118,743	33.18%
10.00 to 15.00	88	1,750,207	135,716	635,948	2,521,871	32,435,824	12.86	215,274	60.14
7.00 to 10.00	10	194,400	15,422	48,143	257,966	2,455,482	9.52	23,911	6.68
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>146</b>	<b>\$ 2,910,000</b>	<b>\$ 225,165</b>	<b>\$1,221,038</b>	<b>\$ 4,356,203</b>	<b>\$ 62,277,674</b>	<b>14.30</b>	<b>\$ 357,928</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2004-2 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-42 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-44 summarizes the assessed values within CFD No. 2004-2 for the Fiscal Years shown.

**TABLE A-44**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$12,579,079	\$38,153,677	\$0	\$50,732,756	NA
2022	12,975,054	40,126,839	0	53,101,893	4.67%
2023	13,564,322	43,881,462	0	57,445,784	8.18
2024	13,881,647	46,600,094	0	60,481,741	5.28
2025	14,256,507	48,021,167	0	62,277,674	2.97

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-43, the taxable property within CFD No. 2004-2 is subject to several different taxes and assessments. Table A-45 below shows a tax bill for an average parcel of taxable property within CFD No. 2004-2 (based on assessed value). Table A-45 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-45 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-45**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**FISCAL YEAR 2024-25 PROPERTY TAX BILL**  
**SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$ 402,091
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>
<b>NET PROPERTY VALUE</b>	<b>\$ 395,091</b>

	<i><b>Percent of Total Assessed Valuation</b></i>	<i><b>Expected Amount to be Levied</b></i>
<b>AD VALOREM PROPERTY TAXES</b>	1.12898%	
General Purpose	1.00000	\$ 3,950.90
Mount San Jacinto Community College District GO Bonds	0.00268	10.59
Metropolitan Water District East	0.00700	27.66
Menifee Union School District	0.05080	200.71
Perris Union High School District	0.06850	270.64

**ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES**

Valley-Wide Regional Facilities LMD 88-1	5.54
Valley-Wide LMD Menifee South Park	373.00
Fld Cntl Stormwater/Cleanwater	3.74
CSA #84	56.32
CSA #152	45.02
EMWD Infrastructure Availability Charge	30.00
CFD 92-1 Perris Union High School District	336.26
Metropolitan Water District Standby East	6.94
Menifee Union School District CFD No. 2004-2	<u>2,365.24</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>	<b>\$ 7,682.56</b>

**Percent of Property Taxes to Developed Property Assessed Value:** 1.91065%

Rounded to 2 decimals:  
1.91%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 2,721 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2004-2.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2004-2 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2004-2 is 1.91065%. Table A-46 below sets forth the effective tax rate stratification of all parcels within CFD No. 2004-2 based on Fiscal Year 2024-25 assessed values.

**TABLE A-46**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004- 2 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	12	\$ 232,860	\$ 18,507	\$ 58,740	\$ 310,107	\$ 2,995,964	9.66	\$ 73,144	2.44%	\$ 28,642	8.00%
2.10% to 2.30%	21	416,745	32,387	129,577	578,708	6,608,911	11.42	144,675	2.19	51,259	14.32
1.90% to 2.10%	35	692,270	53,978	259,878	1,006,127	13,254,801	13.17	263,833	1.99	85,149	23.79
1.75% to 1.90%	30	605,437	46,267	280,508	932,211	14,306,998	15.35	261,492	1.83	74,468	20.81
1.60% to 1.75%	27	541,137	41,640	319,966	902,743	16,319,494	18.08	273,110	1.67	66,559	18.60
1.40% to 1.60%	17	343,131	26,218	139,021	508,369	7,090,597	13.95	107,993	1.52	42,205	11.79
1.40% and below	4	78,421	6,169	33,349	117,939	1,700,909	14.42	21,830	1.28	9,646	2.69
Total <sup>(6)</sup>	146	\$ 2,910,000	\$ 225,165	\$ 1,221,038	\$ 4,356,203	\$ 62,277,674	14.30	\$ 1,146,077.38	1.84%	\$ 357,928	100.00%

(1) The CFD No. 2004-2 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-42 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-47 below summarizes the Special Tax delinquencies within CFD No. 2004-2 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-47**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i><b>Fiscal Year</b></i>	<i><b>Parcels Levied</b></i>	<i><b>Aggregate Special Taxes</b></i>	<i><b>Parcels Delinquent</b></i>	<i><b>Amount Collected</b></i>	<i><b>Amount Delinquent as of June 30<sup>(1)</sup></b></i>	<i><b>Delinquency Rate</b></i>	<i><b>As of April 10, 2025</b></i>	
							<i><b>Remaining Amount Delinquent</b></i>	<i><b>Remaining Delinquency Rate</b></i>
2020-21	146	\$357,927.64	0	\$357,927.64	\$ 0.00	0.00%	\$ 0.00	0.00%
2021-22	146	357,927.64	0	357,927.64	0.00	0.00	0.00	0.00
2022-23	146	357,927.64	1	355,303.70	2,623.94	0.73	0.00	0.00
2023-24	146	357,927.64	0	357,927.64	0.00	0.00	0.00	0.00
2024-25	146	357,927.64	4	352,938.46	NA	NA	4,989.18	1.39

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2004-2 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-48**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-2**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 2,623.94	0.73%	\$ 781,891.00	\$ 38,205.24	20.47
Individual Property Owner	1	2,623.94	0.73	737,080.00	37,326.66	19.75
Individual Property Owner	1	2,623.94	0.73	680,860.00	36,224.39	18.80
Individual Property Owner	1	2,623.94	0.73	678,300.00	36,174.20	18.75
Individual Property Owner	1	2,623.94	0.73	665,856.00	35,930.22	18.53
Individual Property Owner	1	2,623.94	0.73	652,800.00	35,674.24	18.30
Individual Property Owner	1	2,623.94	0.73	650,000.00	35,619.34	18.25
Individual Property Owner	1	2,623.94	0.73	636,724.00	35,359.05	18.01
Individual Property Owner	1	2,623.94	0.73	631,765.00	35,261.82	17.92
Individual Property Owner	<u>1</u>	<u>2,623.94</u>	<u>0.73</u>	<u>594,275.00</u>	<u>34,526.78</u>	<u>17.21</u>
<b>Total <sup>(4)</sup></b>	<b>10</b>	<b>\$ 26,239.40</b>	<b>7.33%</b>	<b>\$ 6,709,551.00</b>	<b>\$ 360,301.94</b>	<b>18.62</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-48 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2004-3

**Location and Description.** CFD No. 2004-3 was formed by the School District on July 27, 2004. CFD No. 2004-3 consists of two non-contiguous areas in separate zones:

Zone 1 (Wyncrest Hills) is located north of Tate Road and west of Antelope Road, and off McCall Boulevard.

Zone 2 (Windemere) is located at the intersection of Loretta Avenue and Menifee Road, and off Scott Road.

CFD No. 2004-3 is fully built out and was developed into 153 residential units on 34.27 net acres in the southwestern portion of County, in the City.

Ownership of the taxable property within CFD No. 2004-3 is significantly diversified, with no property owner owning more than one parcel. No property owner within CFD No. 2004-3 is responsible for more than 0.86% of the Special Tax levy.

**Assigned Special Taxes.** Table A-49 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2004-3 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2004-3 may not be levied after Fiscal Year 2040-41. The final maturity of the CFD No. 2004-3 Bonds is September 1, 2037.

**TABLE A-49**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-3**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
<b>Zone 1</b>					
1	< 2,500 sq. ft.	15	\$1,728.80	\$ 25,932.00	7.62%
2	2,500 sq. ft. to 3,000 sq. ft.	8	1,896.08	15,168.64	4.46
3	3,001 sq. ft. to 3,400 sq. ft.	28	2,130.28	59,647.84	17.53
4	3,401 sq. ft. to 3,600 sq. ft.	38	2,297.56	87,307.28	25.66
5	> 3,600 sq. ft.	<u>5</u>	<u>2,364.48</u>	<u>11,822.40</u>	<u>3.47</u>
Developed Property		94	NA	199,878.16	58.73
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Zone 1 Subtotal</b>		94	NA	\$199,878.16	58.73%
<b>Zone 2</b>					
1	< 3,100 sq. ft.	3	\$2,032.30	\$ 6,096.90	1.79%
2	3,001 sq. ft. to 3,400 sq. ft.	8	2,071.90	16,575.20	4.87
3	3,401 sq. ft. to 3,700 sq. ft.	13	2,222.40	28,891.20	8.49
4	3,701 sq. ft. to 4,000 sq. ft.	10	2,380.82	23,808.20	7.00
5	4,001 sq. ft. to 4,300 sq. ft.	19	2,499.64	47,493.16	13.96
6	> 4,300 sq. ft.	<u>6</u>	<u>2,927.40</u>	<u>17,564.40</u>	<u>5.16</u>
Developed Property		59	NA	140,429.06	41.27
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Zone 2 Subtotal</b>		59	NA	\$ 140,429.06	41.27%
<b>Total<sup>(1)</sup></b>		153	NA	\$ 340,307.22	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2004-3 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there has been a total of one special tax prepayment within CFD No. 2004-3. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

***Direct and Overlapping Debt.*** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-3, as established by the County Assessor for Fiscal Year 2024-25, which totals \$78,163,886. See Table A-52.

CFD No. 2004-3 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2004-3 is shown in Table A-50 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2004-3; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The total assessed value shown in Table A-50 differs from the total assessed value shown in the other tables for CFD 2004-3 because Table A-50 includes all property that is exempt from the levy of the Special Tax within CFD No. 2004-3, while the other tables do not.



**TABLE A-50**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-3**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
<b>2024-25 Secured Roll Assessed Value</b>						<b>\$ 78,540,263</b>
<b>II. Secured Property Taxes</b>						
<b>Description on Tax Bill</b>	<b>Type</b>	<b>Total Parcels</b>	<b>Total Levy</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Levy</b>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.01879%	154	\$ 764,356.38
City of Menifee CSA No. 84	CSA	15,911	545,721.70	1.61042	154	8,788.42
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	0.61597	8	5,022.88
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.26422	154	6,928.06
Eastern Municipal Water District AD No. 20	1915	1,296	610,543.36	3.61712	57	22,084.08
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.07206	154	4,240.00
Eastern Municipal Water District ID No. U-35 Debt Service	GOB	20,912	868,616.47	0.28999	59	2,518.86
Eastern Municipal Water District ID No. U-36 Debt Service	GOB	20,910	868,566.82	0.29000	59	2,518.86
Eastern Municipal Water District ID No. U-6 Debt Service	GOB	1,639	224,526.20	7.87431	95	17,679.90
Menifee Union School District CFD No. 2004-3	CFD	156	340,307.22	100.00000	153	340,307.22
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.43532	154	38,829.28
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.06355	154	5,350.48
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.03776	154	1,068.76
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.05641	154	2,048.49
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	0.78558	148	49,766.48
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.27072	154	52,358.49
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.02044	154	579.28
Valley Wide Park and Recreation District LMD (Menifee South Park)	LMD	2,502	1,554,755.78	1.79897	59	27,969.54
Valley Wide Park and Recreation District LMD No. 88-1 (Menifee Facility)	LMD	7,041	2,299,903.70	1.46190	95	33,622.40
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.06203	154	853.16
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,386,891.02</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.77%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>%Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Eastern Municipal Water District AD No. 20	1915	\$11,665,000	\$1,090,000	3.61712%	57	\$ 39,427
Menifee Union School District CFD No. 2004-3	CFD	5,314,204	2,895,000	100.00000	153	2,895,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	0.78558	148	228,250
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,162,677</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,162,677</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>	<b>Type</b>	<b>Issued</b>	<b>Outstanding</b>	<b>% Applicable</b>	<b>Parcels</b>	<b>Amount</b>
Eastern Municipal Water District ID No. U-35	GOB	\$9,000,000	\$6,080,000	0.28384%	59	\$ 17,257
Eastern Municipal Water District ID No. U-36	GOB	9,012,000	6,091,000	0.28386	59	17,290
Menifee Union School District GOB 2002	GOB	14,498,923	6,189,720	0.42913	154	26,562
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.42913	154	91,940
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.42913	154	516,867
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.02745	154	6,663
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.05629	154	133,590
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.26848	154	39,380
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.26848	154	362,937
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.26848	154	361,949
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,574,435</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,574,435</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$4,737,112.29</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>16.58:1</b>

<sup>(1)</sup> 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.

**Value-to-Lien.** Table A-51 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2004-3 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2004-3 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2004-3 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-51  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-3  
ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION  
(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004-3 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	99	\$ 1,736,905	\$ 167,955	\$1,183,196	\$ 3,088,055	\$ 59,023,391	19.11	\$ 216,513	63.62%
10.00 to 15.00	52	959,853	95,254	378,549	1,433,657	18,883,830	13.17	119,650	35.16
7.00 to 10.00	1	16,621	692	3,875	21,187	193,287	9.12	2,072	0.61
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	1	16,621	2,234	1,270	20,125	63,375	3.15	2,072	0.61
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>153</b>	<b>\$ 2,730,000</b>	<b>\$ 266,135</b>	<b>\$1,566,890</b>	<b>\$ 4,563,025</b>	<b>\$ 78,163,883</b>	<b>17.13</b>	<b>\$ 340,307</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2004-3 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-50 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-52 summarizes the assessed values within CFD No. 2004-3 for the Fiscal Years shown.

**TABLE A-52**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-3**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$14,616,489	\$47,229,589	\$0	\$61,846,078	NA
2022	15,086,469	50,183,255	0	65,269,724	5.54%
2023	15,856,781	55,607,989	0	71,464,770	9.49
2024	16,319,926	59,348,612	0	75,668,538	5.88
2025	17,263,549	60,900,334	0	78,163,883	3.30

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-50, the taxable property within CFD No. 2004-3 is subject to several different taxes and assessments. Table A-53 below shows a tax bill for an average parcel of taxable property within CFD No. 2004-3 (based on assessed value). Table A-53 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-53 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-53  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-3  
FISCAL YEAR 2024-25 PROPERTY TAX BILL  
SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$ 501,979	
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>	
<b>NET PROPERTY VALUE</b>	\$ 494,979	
	<i>Percent of Total Assessed Valuation</i>	<i>Expected Amount to be Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.16648%	
General Purpose	1.00000	\$ 4,949.79
Menifee Union School District	0.05080	251.45
Perris Union High School District	0.06850	339.06
Mount San Jacinto Community College District GO Bonds	0.00268	13.27
Metropolitan Water District East	0.00700	34.65
Eastern Municipal Water District U-6	0.03750	185.62
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
Fld Cntl Stormwater/Cleanwater		3.76
AD Menifee CSA 84		57.06
Valley-Wide Menifee Facilities LMD 88-1		353.92
CFD 92-1 Perris Union High School District		336.26
CSA #152		45.02
Valley-Wide Regional Facilities LMD 88-1		5.54
Metropolitan Water District Standby East		6.94
EMWD Infrastructure Availability Charge		26.00
Menifee Union School District CFD No. 2004-3		<u>2,297.56</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		\$ 8,905.90
<b>Percent of Property Taxes to Developed Property Assessed Value:</b>		1.77416%
		Rounded to 2 decimals: 1.77%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 3,459 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2004-3.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2004-3 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2004-3 is 1.77416%. Table A-54 below sets forth the effective tax rate stratification of all parcels within CFD No. 2004-3 based on Fiscal Year 2024-25 assessed values.

**TABLE A-54**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-3**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004- 3 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	7	\$ 135,030	\$ 14,095	\$ 39,681	\$ 188,807	\$ 1,979,490	10.48	\$ 49,989	2.53%	\$ 16,832	4.95%
2.10% to 2.30%	16	293,490	30,901	106,905	431,295	5,332,904	12.36	116,624	2.19	36,585	10.75
1.90% to 2.10%	33	590,983	56,960	259,481	907,424	12,944,118	14.26	256,277	1.98	73,669	21.65
1.75% to 1.90%	27	491,536	49,249	268,226	809,010	13,380,354	16.54	243,835	1.82	61,272	18.00
1.60% to 1.75%	45	791,714	77,542	565,265	1,434,521	28,198,075	19.66	467,574	1.66	98,691	29.00
1.40% to 1.60%	19	323,238	27,442	249,202	599,883	12,431,393	20.72	195,212	1.57	40,293	11.84
1.40% and below	6	104,010	9,945	78,131	192,086	3,897,549	20.29	52,237	1.34	12,965	3.81
Total <sup>(6)</sup>	153	\$ 2,730,000	\$ 266,135	\$ 1,566,890	\$ 4,563,025	\$ 78,163,883	17.13	\$ 1,381,747.64	1.77%	\$ 340,307	100.00%

(1) The CFD No. 2004-3 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-50 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-55 below summarizes the Special Tax delinquencies within CFD No. 2004-3 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-55  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-3  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i><b>Fiscal Year</b></i>	<i><b>Parcels Levied</b></i>	<i><b>Aggregate Special Taxes</b></i>	<i><b>Parcels Delinquent</b></i>	<i><b>Amount Collected</b></i>	<i><b>Amount Delinquent as of June 30<sup>(1)</sup></b></i>	<i><b>Delinquency Rate</b></i>	<i><b>As of April 10, 2025</b></i>	
							<i><b>Remaining Amount Delinquent</b></i>	<i><b>Remaining Delinquency Rate</b></i>
2020-21	153	\$340,307.22	0	\$340,307.22	\$ 0.00	0.00%	\$ 0.00	0.00%
2021-22	153	340,307.22	3	335,648.64	4,658.58	1.37	0.00	0.00
2022-23	153	340,307.22	1	339,158.44	1,148.78	0.34	0.00	0.00
2023-24	153	340,307.22	2	338,122.49	2,184.73	0.64	0.00	0.00
2024-25	153	340,307.22	1	339,442.82	NA	NA	864.40	0.25

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2004-3 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-56**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-3**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 2,927.40	0.86%	\$ 743,004.00	\$ 40,612.43	18.29
Individual Property Owner	1	2,927.40	0.86	583,663.00	37,418.24	15.60
Individual Property Owner	1	2,927.40	0.86	535,356.00	36,449.87	14.69
Individual Property Owner	1	2,927.40	0.86	413,044.00	33,997.98	12.15
Individual Property Owner	1	2,927.40	0.86	382,454.00	33,384.76	11.46
Individual Property Owner	1	2,927.40	0.86	353,487.00	32,804.08	10.78
Individual Property Owner	1	2,499.64	0.73	786,000.00	38,042.78	20.66
Individual Property Owner	1	2,499.64	0.73	769,000.00	37,701.99	20.40
Individual Property Owner	1	2,499.64	0.73	629,781.00	34,911.17	18.04
Individual Property Owner	<u>1</u>	<u>2,499.64</u>	<u>0.73</u>	<u>627,232.00</u>	<u>34,860.08</u>	<u>17.99</u>
<b>Total <sup>(4)</sup></b>	<b>10</b>	<b>\$ 27,562.96</b>	<b>8.10%</b>	<b>\$ 5,823,021.00</b>	<b>\$ 360,183.38</b>	<b>16.17</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-50 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2004-4

**Location and Description.** CFD No. 2004-4 was formed by the School District on November 9, 2004 and is generally located on the north side of Glencoe Lane, between Menifee Road to the west and Bell Mountain Road to the east, in the southwestern portion of County, in the City. CFD No. 2004-4 is fully built out and was developed into 99 residential units on 18.54 net acres.

Ownership of the taxable property within CFD No. 2004-4 is significantly diversified, with no property owner owning more than one parcel. No property owner within CFD No. 2004-4 is responsible for more than 1.07% of the Special Tax levy.

**Assigned Special Taxes.** Table A-57 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2004-4 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2004-4 may not be levied after Fiscal Year 2038-39. The final maturity of the CFD No. 2004-4 Bonds is September 1, 2037.

**TABLE A-57**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-4**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 2,500 sq. ft.	0	\$1,232.10	\$ 0.00	0.00%
2	2,500 sq. ft. to 2,700 sq. ft.	6	1,285.66	11,529.48	5.36
3	2,701 sq. ft. to 3,000 sq. ft.	27	1,339.24	55,114.02	25.61
4	3,001 sq. ft. to 3,300 sq. ft.	31	1,448.52	67,813.74	31.51
5	> 3,300 sq. ft.	<u>35</u>	<u>1,660.66</u>	<u>80,752.70</u>	<u>37.52</u>
Developed Property		99	NA	215,209.94	100.00
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total <sup>(1)</sup>		99	NA	\$ 215,209.94	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2004-4 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no special tax prepayments within CFD No. 2004-4. See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-4, as established by the County Assessor for Fiscal Year 2024-25, which totals \$49,515,337. See Table A-60.



CFD No. 2004-4 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2004-4 is shown in Table A-58 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2004-4; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE A-58  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-4  
DIRECT AND OVERLAPPING DEBT  
AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
2024-25 Secured Roll Assessed Value						\$ 49,515,337
<b>II. Secured Property Taxes</b>						
<i>Description on Tax Bill</i>						
	<i>Type</i>	<i>Total Parcels</i>	<i>Total Levy</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Levy</i>
Basic 1% Levy	PROP13	958,435	\$4,068,934,257.35	0.01148%	99	\$ 466,931.23
City of Menifee CSA No. 84	CSA	15,911	545,721.70	0.71367	99	3,894.66
City of Menifee Delinquent Trash Charge	DQ	1,334	815,441.26	0.56829	6	4,634.10
County of Riverside CSA No. 152 (Street Sweeping)	CSA	75,148	2,622,037.76	0.15103	99	3,960.00
Eastern Municipal Water District Combined Standby Charge	STANDBY	259,804	5,884,335.80	0.03982	99	2,343.00
Eastern Municipal Water District ID No. U-35 Debt Service	GOB	20,912	868,616.47	0.46230	99	4,015.60
Eastern Municipal Water District ID No. U-36 Debt Service	GOB	20,910	868,566.82	0.46232	99	4,015.60
Menifee Union School District CFD No. 2004-4	CFD	103	215,209.94	100.00000	99	215,209.94
Menifee Union School District Debt Service	GOB	45,800	8,919,645.17	0.26593	99	23,720.09
Metropolitan Water District of Southern California Debt Service	GOB	269,087	8,419,040.26	0.03882	99	3,268.51
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	266,291	2,830,545.88	0.02427	99	687.06
Mt. San Jacinto Community College District Debt Service	GOB	350,092	3,631,598.85	0.03446	99	1,251.37
Perris Union High School District CFD No. 92-1	CFD	24,770	6,335,033.02	0.52018	98	32,953.48
Perris Union High School District Debt Service	GOB	79,687	19,340,363.78	0.16538	99	31,984.80
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	415,878	2,833,359.92	0.01308	99	370.66
Valley Wide Park and Recreation District LMD (Menifee South Park)	LMD	2,502	1,554,755.78	4.63176	99	72,012.60
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	84,276	1,375,288.22	0.03988	99	548.46
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$ 871,801.16</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.76%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount</i>
Menifee Union School District CFD No. 2004-4	CFD	\$3,028,261	\$1,605,000	100.00000%	99	\$ 1,605,000
Perris Union High School District CFD No. 92-1	CFD	40,000,000	29,055,000	0.52018	98	151,138
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,756,138</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,756,138</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount</i>
Eastern Municipal Water District ID No. U-35	GOB	\$9,000,000	\$6,080,000	0.46582%	99	\$ 28,322
Eastern Municipal Water District ID No. U-36	GOB	9,012,000	6,091,000	0.46585	99	28,375
Menifee Union School District GOB 2002	GOB	14,498,923	6,189,720	0.27054	99	16,746
Menifee Union School District GOB 2008	GOB	31,460,000	21,425,000	0.27054	99	57,963
Menifee Union School District GOB 2016	GOB	134,996,572	120,446,572	0.27054	99	325,856
Metropolitan Water District of Southern California GOB 1966	GOB	850,000,000	24,270,000	0.01731	99	4,201
Mt. San Jacinto Community College District GOB 2014	GOB	295,000,000	237,330,000	0.03549	99	84,221
Perris Union High School District GOB 2004	GOB	45,997,378	14,667,820	0.16926	99	24,827
Perris Union High School District GOB 2012	GOB	153,418,024	135,183,024	0.16926	99	228,812
Perris Union High School District GOB 2018	GOB	148,000,000	134,815,000	0.16926	99	228,189
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,027,512</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,027,512</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$2,783,650.14</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>17.79:1</b>

<sup>(1)</sup> 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.

**Value-to-Lien.** Table A-59 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2004-4 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2004-4 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2004-4 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-59**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-4**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004-4 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	73	\$ 1,122,049	\$ 111,040	\$ 858,352	\$ 2,091,441	\$ 41,363,577	19.78	\$ 158,866	73.82%
10.00 to 15.00	26	397,951	40,098	169,160	607,209	8,151,760	13.42	56,344	26.18
7.00 to 10.00	0	0	0	0	0	0	NA	0	0.00
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>99</b>	<b>\$ 1,520,000</b>	<b>\$ 151,138</b>	<b>\$1,027,512</b>	<b>\$ 2,698,650</b>	<b>\$ 49,515,337</b>	<b>18.35</b>	<b>\$ 215,210</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2004-4 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-58 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-60 summarizes the assessed values within CFD No. 2004-4 for the Fiscal Years shown.

**TABLE A-60**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-4**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$ 9,370,502	\$28,129,579	\$0	\$37,500,081	NA
2022	9,814,105	30,875,768	0	40,689,873	8.51%
2023	10,288,376	34,924,152	0	45,212,528	11.11
2024	10,706,292	36,906,068	0	47,612,360	5.31
2025	11,027,092	38,488,245	0	49,515,337	4.00

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).  
Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-59, the taxable property within CFD No. 2004-4 is subject to several different taxes and assessments. Table A-61 below shows a tax bill for an average parcel of taxable property within CFD No. 2004-4 (based on assessed value). Table A-61 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-61 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-61  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-4  
FISCAL YEAR 2024-25 PROPERTY TAX BILL  
SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$484,131
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>
<b>NET PROPERTY VALUE</b>	\$477,131

	<i>Percent of Total Assessed Valuation</i>	<i>Expected Amount to be Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.14618%	
General Purpose	1.00000	\$ 4,771.30
Menifee Union School District	0.05080	242.38
Mount San Jacinto Community College District GO Bonds	0.00268	12.79
Metropolitan Water District East	0.00700	33.40
Eastern Municipal Water District U-35	0.00860	41.03
Eastern Municipal Water District U-36	0.00860	41.03
Perris Union High School District	0.06850	326.83

**ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES**

CFD 92-1 Perris Union High School District	336.26
Valley-Wide Regional Facilities LMD 88-1	5.54
EMWD Infrastructure Availability Charge	21.00
Fld Cntl Stormwater/Cleanwater	3.74
CSA #152	40.00
Valley-Wide LMD Menifee South Park	727.40
AD Menifee CSA 84	39.34
Metropolitan Water District Standby East	6.94
Menifee Union School District CFD No. 2004-4	<u>2,187.54</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>	<b>\$ 8,836.52</b>

**Percent of Property Taxes to Developed Property Assessed Value:** 1.82523%

Rounded to 2 decimals:  
1.83%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 3,200 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2004-4.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2004-4 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2004-4 is 1.82523%. Table A-62 below sets forth the effective tax rate stratification of all parcels within CFD No. 2004-4 based on Fiscal Year 2024-25 assessed values.

**TABLE A-62**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-4**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004- 4 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	4	\$ 62,459	\$ 6,169	\$ 22,770	\$ 91,398	\$ 1,097,299	12.01	\$ 25,989	2.37%	\$ 8,843	4.11%
2.10% to 2.30%	16	241,476	24,676	103,524	369,675	4,988,752	13.49	109,983	2.20	34,189	15.89
1.90% to 2.10%	19	290,362	29,302	160,749	480,414	7,746,420	16.12	153,305	1.98	41,111	19.10
1.75% to 1.90%	15	230,815	23,133	166,243	420,192	8,011,190	19.07	144,114	1.80	32,680	15.19
1.60% to 1.75%	30	460,316	46,267	395,955	902,538	19,080,906	21.14	316,458	1.66	65,174	30.28
1.40% to 1.60%	9	138,489	13,880	93,658	246,027	4,513,325	18.34	68,280	1.51	19,608	9.11
1.40% and below	<u>6</u>	<u>96,083</u>	<u>7,711</u>	<u>84,613</u>	<u>188,407</u>	<u>4,077,445</u>	<u>21.64</u>	<u>53,673</u>	<u>1.32</u>	<u>13,604</u>	<u>6.32</u>
Total <sup>(6)</sup>	99	\$ 1,520,000	\$ 151,138	\$ 1,027,512	\$ 2,698,650	\$ 49,515,337	18.35	\$ 871,801.16	1.76%	\$ 215,210	100.00%

(1) The CFD No. 2004-4 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-58 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-63 below summarizes the Special Tax delinquencies within CFD No. 2004-4 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-63  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-4  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcels Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	99	\$215,209.94	0	\$215,209.94	\$ 0.00	0.00%	\$ 0.00	0.00%
2021-22	99	215,209.94	2	213,095.54	2,114.40	0.98	0.00	0.00
2022-23	99	215,209.94	0	215,209.94	0.00	0.00	0.00	0.00
2023-24	99	215,209.94	1	214,056.33	1,153.61	0.54	0.00	0.00
2024-25	99	215,209.94	0	215,209.94	NA	NA	0.00	0.00

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2004-4 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-64**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-4**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 2,307.22	1.07%	\$ 726,000.00	\$ 32,903.33	22.06
Individual Property Owner	1	2,307.22	1.07	726,000.00	32,903.33	22.06
Individual Property Owner	1	2,307.22	1.07	702,607.00	32,417.89	21.67
Individual Property Owner	1	2,307.22	1.07	694,577.00	32,251.26	21.54
Individual Property Owner	1	2,307.22	1.07	693,192.00	32,222.52	21.51
Individual Property Owner	1	2,307.22	1.07	689,844.00	32,153.04	21.46
Individual Property Owner	1	2,307.22	1.07	673,138.00	31,806.37	21.16
Individual Property Owner	1	2,307.22	1.07	665,856.00	31,655.26	21.03
Individual Property Owner	1	2,307.22	1.07	656,736.00	31,466.01	20.87
Individual Property Owner	<u>1</u>	<u>2,307.22</u>	<u>1.07</u>	<u>633,694.00</u>	<u>29,445.63</u>	<u>21.52</u>
<b>Total <sup>(4)</sup></b>	<b>10</b>	<b>\$ 23,072.20</b>	<b>10.72%</b>	<b>\$ 6,861,644.00</b>	<b>\$ 319,224.63</b>	<b>21.49</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-58 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2004-5

**Location and Description.** CFD No. 2004-5 was formed by the School District on September 28, 2004 and is generally located at the northwest corner of Pourroy Road and Winchester Road, south of Pat Road in the Winchester area of the County, which is located in the southwestern portion of County, in the City. CFD No. 2004-5 is fully built out and was developed into 178 residential units on 34.49 net acres.

Ownership of the taxable property within CFD No. 2004-5 is significantly diversified, with one property owner owning two parcels and no other property owner owning more than one. No property owner within CFD No. 2004-5 is responsible for more than 1.14% of the Special Tax levy.

**Assigned Special Taxes.** Table A-65 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2004-5 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2004-5 may not be levied after Fiscal Year 2038-39. The final maturity of the CFD No. 2004-5 Bonds is September 1, 2038.

**TABLE A-65**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 2,600 sq. ft.	30	\$1,863.32	\$ 55,899.60	15.27%
2	2,600 sq. ft. to 3,000 sq. ft.	28	1,993.74	55,824.72	15.25
3	3,001 sq. ft. to 3,300 sq. ft.	42	2,058.94	86,475.48	23.62
4	3,301 sq. ft. to 3,600 sq. ft.	40	2,124.14	84,965.60	23.21
5	> 3,600 sq. ft.	38	2,182.82	82,947.16	22.66
Developed Property		178	NA	366,112.56	100.00
Undeveloped Property		0.0000	0.00	0.00	0.00
Total <sup>(1)</sup>		178	NA	\$ 366,112.56	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2004-5 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no prepayments within CFD 2004-5. However, see the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-5, as established by the County Assessor for Fiscal Year 2024-25, which totals \$88,557,512. See Table A-68.



CFD No. 2004-5 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2004-5 is shown in Table A-66 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2004-5; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE A-66**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
2024-25 Secured Roll Assessed Value						
						<b>\$ 88,557,512</b>
<b>II. Secured Property Taxes</b>						
<i>Description on Tax Bill</i>						
Basic 1% Levy	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
County of Riverside CSA No. 103 (Street Lights)	PROP13	958,435	\$4,068,934,257.35	0.02092%	177	\$ 851,144.22
County of Riverside CSA No. 152 (Street Sweeping)	CSA	11,888	762,247.32	1.58000	178	12,043.48
County of Riverside Delinquent Solid Waste Management Charge	CSA	75,148	2,622,037.76	0.30562	178	8,013.56
Eastern Municipal Water District Combined Standby Charge	DQ	4,220	2,447,215.36	0.28219	10	6,905.86
Menifee Union School District CFD No. 2004-5	STANDBY	259,804	5,884,335.80	0.12100	178	7,120.00
Menifee Union School District Debt Service	CFD	181	366,112.56	100.00000	178	366,112.56
Metropolitan Water District of Southern California Debt Service	GOB	45,800	8,919,645.17	0.48475	177	43,238.18
Metropolitan Water District of Southern California Standby Charge (East)	GOB	269,087	8,419,040.26	0.07077	177	5,958.00
Mt. San Jacinto Community College District Debt Service	STANDBY	266,291	2,830,545.88	0.04364	178	1,235.32
Perris Union High School District CFD No. 92-1	GOB	350,092	3,631,598.85	0.06281	177	2,281.15
Perris Union High School District Debt Service	CFD	24,770	6,335,033.02	0.90235	170	57,164.20
Riverside County Flood Control and Water Conservation District NPDES (Santa Margarita River)	GOB	79,687	19,340,363.78	0.30146	177	58,303.49
Valley Wide Park and Recreation District LMD (French Valley)	FLOOD	96,175	595,945.68	0.11961	178	712.84
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	9,296	6,145,196.90	1.51427	178	93,054.84
	LMD	84,276	1,375,288.22	0.07170	178	986.12
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,514,273.82</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>1.71%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
Menifee Union School District CFD No. 2004-5	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Perris Union High School District CFD No. 92-1	CFD	\$8,815,000	\$3,075,000	100.00000%	178	\$ 3,075,000
	CFD	40,000,000	29,055,000	0.90235	170	262,178
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,337,178</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 3,337,178</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<i>Outstanding Direct and Overlapping Bonded Debt</i>						
Menifee Union School District GOB 2002	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Menifee Union School District GOB 2008	GOB	\$14,498,923	\$6,189,720	0.48386%	177	\$ 29,949
Menifee Union School District GOB 2016	GOB	31,460,000	21,425,000	0.48386	177	103,666
Metropolitan Water District of Southern California GOB 1966	GOB	134,996,572	120,446,572	0.48386	177	582,790
Mt. San Jacinto Community College District GOB 2014	GOB	850,000,000	24,270,000	0.03096	177	7,513
Perris Union High School District GOB 2004	GOB	295,000,000	237,330,000	0.06347	177	150,628
Perris Union High School District GOB 2012	GOB	45,997,378	14,667,820	0.30272	177	44,403
Perris Union High School District GOB 2018	GOB	153,418,024	135,183,024	0.30272	177	409,228
	GOB	148,000,000	134,815,000	0.30272	177	408,113
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,736,290</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,736,290</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$5,073,467.82</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>17.46:1</b>

<sup>(1)</sup> 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.

**Value-to-Lien.** Table A-67 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2004-5 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2004-5 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2004-5 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-67**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004-5 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	136	\$ 2,233,241	\$ 198,947	\$1,464,312	\$ 3,896,500	\$ 74,685,584	19.17	\$ 279,050	76.22%
10.00 to 15.00	42	696,759	63,231	271,978	1,031,968	13,871,928	13.44	87,062	23.78
7.00 to 10.00	0	0	0	0	0	0	NA	0	0.00
5.00 to 7.00	0	0	0	0	0	0	NA	0	0.00
3.00 to 5.00	0	0	0	0	0	0	NA	0	0.00
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>178</b>	<b>\$ 2,930,000</b>	<b>\$ 262,178</b>	<b>\$1,736,290</b>	<b>\$ 4,928,468</b>	<b>\$ 88,557,512</b>	<b>17.97</b>	<b>\$ 366,113</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2004-5 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-66 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-68 summarizes the assessed values within CFD No. 2004-5 for the Fiscal Years shown.

**TABLE A-68**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$19,734,827	\$52,978,965	\$0	\$72,713,792	NA
2022	20,730,379	55,662,438	0	76,392,817	5.06%
2023	21,840,902	60,016,177	0	81,857,079	7.15
2024	22,557,242	64,364,627	0	86,921,869	6.19
2025	23,018,767	65,538,745	0	88,557,512	1.88

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).  
Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-66, the taxable property within CFD No. 2004-5 is subject to several different taxes and assessments. Table A-69 below shows a tax bill for an average parcel of taxable property within CFD No. 2004-5 (based on assessed value). Table A-69 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-69 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-69**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**FISCAL YEAR 2024-25 PROPERTY TAX BILL**  
**SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$475,833
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>
<b>NET PROPERTY VALUE</b>	\$468,833

	<i><b>Percent of Total Assessed Valuation</b></i>	<i><b>Expected Amount to be Levied</b></i>
<b>AD VALOREM PROPERTY TAXES</b>	1.12898%	
General Purpose	1.00000	\$ 4,688.32
Menifee Union School District	0.05080	238.17
Perris Union High School District	0.06850	321.15
Mount San Jacinto Community College District GO Bonds	0.00268	12.56
Metropolitan Water District East	0.00700	32.82
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
CSA #103		67.66
Valley-Wide Regional Facilities LMD 88-1		5.54
Valley-Wide LMD French Valley		522.78
CSA #152		45.02
CFD 92-1 Perris Union High School District		336.26
Metropolitan Water District Standby East		6.94
EMWD Infrastructure Availability Charge		40.00
Fld Cntl Stormwater/Cleanwater		4.02
Menifee Union School District CFD No. 2004-5		<u>2,058.94</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		<b>\$ 8,380.18</b>

**Percent of Property Taxes to Developed Property Assessed Value:** 1.76116%

Rounded to 2 decimals:  
1.76%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 3,188 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2004-5.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2004-5 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2004-5 is 1.76116%. Table A-70 below sets forth the effective tax rate stratification of all parcels within CFD No. 2004-5 based on Fiscal Year 2024-25 assessed values.

**TABLE A-70**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2004- 5 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	1	\$ 15,956	\$ 1,542	\$ 4,827	\$ 22,325	\$ 246,198	11.03	\$ 5,722	2.32%	\$ 1,994	0.54%
2.10% to 2.30%	15	249,044	23,133	90,154	362,331	4,598,208	12.69	99,681	2.17	31,119	8.50
1.90% to 2.10%	31	516,235	46,267	225,832	788,334	11,518,326	14.61	229,479	1.99	64,505	17.62
1.75% to 1.90%	45	739,460	64,773	393,112	1,197,346	20,050,247	16.75	362,441	1.81	92,398	25.24
1.60% to 1.75%	44	716,773	64,773	486,174	1,267,720	24,796,758	19.56	411,869	1.66	89,563	24.46
1.40% to 1.60%	31	512,426	44,724	419,913	977,063	21,417,205	21.92	328,719	1.53	64,029	17.49
1.40% and below	<u>11</u>	<u>180,106</u>	<u>16,964</u>	<u>116,277</u>	<u>313,348</u>	<u>5,930,570</u>	<u>18.93</u>	<u>76,362</u>	<u>1.29</u>	<u>22,505</u>	<u>6.15</u>
Total <sup>(6)</sup>	178	\$ 2,930,000	\$ 262,178	\$ 1,736,290	\$ 4,928,468	\$ 88,557,512	17.97	\$ 1,514,273.82	1.71%	\$ 366,113	100.00%

(1) The CFD No. 2004-5 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-66 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

***Delinquencies.*** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-71 below summarizes the Special Tax delinquencies within CFD No. 2004-5 for Fiscal Years 2020-21 through 2024-25 As of April 10, 2025.

**TABLE A-71  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2004-5  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcels Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	178	\$366,112.56	2	\$362,991.55	\$ 3,121.01	0.85%	\$ 0.00	0.00%
2021-22	178	366,112.56	6	359,101.89	7,010.67	1.91	0.00	0.00
2022-23	178	366,112.56	4	360,841.33	5,271.23	1.44	411.80	0.11
2023-24	178	366,112.56	3	360,903.27	5,209.29	1.42	823.58	0.22
2024-25	178	366,112.56	2	362,059.88	NA	NA	4,052.68	1.11

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2004-5 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-72**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2004-5**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	2	\$ 4,183.08	1.14%	\$ 1,532,405.00	\$ 66,606.52	23.01
Individual Property Owner	1	2,182.82	0.60	786,268.00	34,427.19	22.84
Individual Property Owner	1	2,182.82	0.60	768,381.00	34,076.49	22.55
Individual Property Owner	1	2,182.82	0.60	758,451.00	33,881.80	22.39
Individual Property Owner	1	2,182.82	0.60	689,633.00	32,532.53	21.20
Individual Property Owner	1	2,182.82	0.60	673,200.00	32,210.34	20.90
Individual Property Owner	1	2,182.82	0.60	646,088.00	31,678.77	20.39
Individual Property Owner	1	2,182.82	0.60	632,595.00	31,414.22	20.14
Individual Property Owner	1	2,182.82	0.60	630,000.00	31,363.34	20.09
Individual Property Owner	<u>1</u>	<u>2,182.82</u>	<u>0.60</u>	<u>628,103.00</u>	<u>31,326.15</u>	<u>20.05</u>
<b>Total <sup>(4)</sup></b>	<b>11</b>	<b>\$ 23,828.46</b>	<b>6.51%</b>	<b>\$ 7,745,124.00</b>	<b>\$ 359,517.34</b>	<b>21.54</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-66 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## Community Facilities District No. 2005-2

**Location and Description.** CFD No. 2005-2 was formed by the School District on June 14, 2005 and is generally located at the northwest corner of Garbani Road and Haleblan Road, south of Holland Road in the southwestern portion of County, in the City. CFD No. 2005-2 is fully built out and was developed into 178 residential units on 33.31 net acres.

Ownership of the taxable property within CFD No. 2005-2 is significantly diversified, with no property owner owning more than one parcel. No property owner within CFD No. 2005-2 being responsible for more than 0.61% of the Special Tax levy.

**Assigned Special Taxes.** Table A-73 below sets forth the Assigned Annual Special Taxes that were levied per parcel on taxable property within CFD No. 2005-2 in Fiscal Year 2024-25. The Special Taxes in CFD No. 2005-2 may not be levied after Fiscal Year 2040-41. The final maturity of the CFD No. 2005-2 Bonds is September 1, 2038.

**TABLE A-73**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2**  
**SUMMARY OF FISCAL YEAR 2024-25 ACTUAL SPECIAL TAX LEVY**

<i>Special Tax Class</i>	<i>Building Square Feet</i>	<i>Number of Units/Acres</i>	<i>Fiscal Year 2024-25 Assigned Annual Special Tax Rate</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percentage of Levy Total</i>
1	< 2,600 sq. ft.	47	\$1,927.38	\$ 90,586.86	23.66%
2	2,601 sq. ft. to 2,900 sq. ft.	16	2,081.48	33,303.68	8.70
3	2,901 sq. ft. to 3,200 sq. ft.	37	2,162.58	80,015.46	20.90
4	3,201 sq. ft. to 3,500 sq. ft.	35	2,235.58	78,245.30	20.44
5	>3,501 sq. ft.	<u>43</u>	<u>2,341.00</u>	<u>100,663.00</u>	<u>26.30</u>
Developed Property		178	NA	382,814.30	100.00
Undeveloped Property		<u>0.0000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total <sup>(1)</sup>		178	NA	\$ 382,814.30	100.00%

<sup>(1)</sup> Totals may not sum due to rounding.  
Source: KeyAnalytics.

For the complete text of the CFD No. 2005-2 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

To date, there have been no prepayments within CFD 2005-2. However, see the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a mandatory redemption thereof from redemption of Local Obligations due to the prepayment of Special Taxes or certain other sources.

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property in CFD No. 2005-2, as established by the County Assessor for Fiscal Year 2024-25, which totals \$82,509,778. See Table A-76.



CFD No. 2005-2 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within CFD No. 2005-2 is shown in Table A-74 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2005-2; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The total assessed value shown in Table A-74 differs from the total assessed value shown in the other tables for CFD 2005-2 because Table-74 includes all property that is exempt from the levy of the Special Tax within CFD No. 2005-2, while the other tables do not.

**TABLE A-74  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2005-2  
DIRECT AND OVERLAPPING DEBT  
AS OF APRIL 19, 2025**

<b>I. Assessed Value</b>						
<b>2024-25 Secured Roll Assessed Value</b>						<b>\$ 82,509,783</b>
<b>II. Secured Property Taxes</b>						
<b>Description on Tax Bill</b>						
Basic 1% Levy	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
City of Menifee CSA No. 84	PROP13	958,435	\$4,068,934,257.35	0.01928%	179	\$ 784,565.49
City of Menifee Delinquent Trash Charge	CSA	15,911	545,721.70	1.86180	178	10,160.24
City of Menifee LLMD No. 89-1C, Zone 63	DQ	1,334	815,441.26	1.01767	11	8,298.54
County of Riverside CFD No. 05-8	LLMD	178	12,566.80	100.00000	178	12,566.80
County of Riverside Change of Ownership Penalty	CFD	1,818	2,843,777.64	9.59973	178	272,995.04
County of Riverside CSA No. 152 (Street Sweeping)	COSPENALTY	21	50,026.94	0.19989	1	100.00
CSCDA CaliforniaFirst Program (County of Riverside)	CSA	75,148	2,622,037.76	0.30562	178	8,013.56
Eastern Municipal Water District Combined Standby Charge	1915	926	2,343,429.66	0.13111	1	3,072.52
Eastern Municipal Water District ID No. U-35 Debt Service	STANDBY	259,804	5,884,335.80	0.07849	179	4,618.74
Eastern Municipal Water District ID No. U-36 Debt Service	GOB	20,912	868,616.47	0.77678	178	6,747.21
Menifee Union School District CFD No. 2005-2	GOB	20,910	868,566.82	0.77682	178	6,747.21
Menifee Union School District Debt Service	CFD	187	382,814.30	100.00000	178	382,814.30
Metropolitan Water District of Southern California Debt Service	GOB	45,800	8,919,645.17	0.44683	178	39,856.02
Metropolitan Water District of Southern California Standby Charge (East)	GOB	269,087	8,419,040.26	0.06523	178	5,491.94
Mt. San Jacinto Community College District Debt Service	STANDBY	266,291	2,830,545.88	0.04364	178	1,235.32
Perris Union High School District CFD No. 92-1	GOB	350,092	3,631,598.85	0.05790	178	2,102.67
Perris Union High School District Debt Service	CFD	24,770	6,335,033.02	0.91297	172	57,836.72
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	GOB	79,687	19,340,363.78	0.27788	178	53,742.86
Valley Wide Park and Recreation District LMD (Menifee South Park)	FLOOD	415,878	2,833,359.92	0.02346	178	664.80
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	2,502	1,554,755.78	11.66856	178	181,417.60
	LMD	84,276	1,375,288.22	0.07170	178	986.12
<b>2024-2025 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$1,844,033.70</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2024-2025 ASSESSED VALUATION</b>						<b>2.23%</b>
<b>III. Land Secured Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>						
County of Riverside CFD No. 05-8	Type	Issued	Outstanding	%Applicable	Parcels	Amount
Menifee Union School District CFD No. 2005-2	CFD	\$33,580,000	\$28,660,000	9.59973%	178	\$ 2,751,283
Perris Union High School District CFD No. 92-1	CFD	5,580,075	3,115,000	100.00000	178	3,115,000
<b>TOTAL LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>	CFD	40,000,000	29,055,000	0.91297	172	<u>265,263</u>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 6,131,546</b>
<b>IV. General Obligation Bond Indebtedness</b>						
<b>Outstanding Direct and Overlapping Bonded Debt</b>						
Menifee Union School District GOB 2002	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Menifee Union School District GOB 2008	GOB	\$14,498,923	\$6,189,720	0.45081%	178	\$ 27,904
Menifee Union School District GOB 2016	GOB	31,460,000	21,425,000	0.45081	178	96,587
Metropolitan Water District of Southern California GOB 1966	GOB	134,996,572	120,446,572	0.45081	178	542,990
Mt. San Jacinto Community College District GOB 2014	GOB	850,000,000	24,270,000	0.02884	178	7,000
Perris Union High School District GOB 2004	GOB	295,000,000	237,330,000	0.05913	178	140,341
Perris Union High School District GOB 2012	GOB	45,997,378	14,667,820	0.28205	178	41,370
Perris Union High School District GOB 2018	GOB	153,418,024	135,183,024	0.28205	178	381,281
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>	GOB	148,000,000	134,815,000	0.28205	178	<u>380,243</u>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS <sup>(1)</sup></b>						<b>\$ 1,617,716</b>
<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>						<b>\$7,749,262.16</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>						<b>10.65:1</b>

<sup>(1)</sup> Does not include PACE program liens due to the variable nature of each lien.

<sup>(2)</sup> 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.

**Value-to-Lien.** Table A-75 below sets forth the stratification of value-to-liens of the taxable property within CFD No. 2005-2 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2005-2 Bonds and all estimated direct and overlapping indebtedness (allocated to each parcel based upon its respective share of the Special Tax levy or other applicable tax or assessment for Fiscal Year 2024-25). The ratio of the value of an individual lot within CFD No. 2005-2 to its respective share of the principal amount of such indebtedness can be expected to vary.

**TABLE A-75**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2**  
**ASSESSED VALUE-TO-LIEN RATIO STRATIFICATION**  
**(FISCAL YEAR 2024-25)**

<i>Value-to-Lien Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2005-2 Bonds <sup>(1)</sup></i>	<i>Other Land Secured Debt <sup>(2)</sup></i>	<i>General Obligation Debt <sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value <sup>(3)</sup></i>	<i>Value-to-Lien Ratio <sup>(4)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
> 15.00	5	\$ 85,445	\$ 84,994	\$ 75,895	\$ 246,334	\$ 3,870,950	15.71	\$ 11,032	2.88%
10.00 to 15.00	110	1,847,876	1,865,249	1,106,955	4,820,080	56,458,992	11.71	238,581	62.32
7.00 to 10.00	60	983,314	1,015,306	423,099	2,421,719	21,579,662	8.91	126,957	33.16
5.00 to 7.00	2	32,243	33,998	9,610	75,851	490,128	6.46	4,163	1.09
3.00 to 5.00	1	16,122	16,999	2,158	35,278	110,046	3.12	2,081	0.54
< 3.00	0	0	0	0	0	0	NA	0	0.00
<b>Total <sup>(5)</sup></b>	<b>178</b>	<b>\$ 2,965,000</b>	<b>\$3,016,546</b>	<b>\$1,617,716</b>	<b>\$ 7,599,262</b>	<b>\$ 82,509,778</b>	<b>10.86</b>	<b>\$ 382,814</b>	<b>100.00%</b>

<sup>(1)</sup> The CFD No. 2005-2 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

<sup>(2)</sup> See Table A-74 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Source: Riverside County Assessor's Roll dated July 1, 2024

<sup>(4)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(5)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

**Historical Assessed Values.** Table A-76 summarizes the assessed values within CFD No. 2005-2 for the Fiscal Years shown.

**TABLE A-76**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2**  
**HISTORICAL AND CURRENT ASSESSED VALUES OF NON-EXEMPT PROPERTY**

<i><b>Fiscal Year</b></i> <i><b>Ending</b></i> <i><b>(June 30) <sup>(1)</sup></b></i>	<i><b>Assessed Value</b></i> <i><b>Land</b></i>	<i><b>Assessed Value</b></i> <i><b>Improvement</b></i>	<i><b>Assessed Value</b></i> <i><b>Other</b></i>	<i><b>Total Assessed</b></i> <i><b>Value <sup>(2)</sup></b></i>	<i><b>Percentage</b></i> <i><b>Change</b></i>
2021	\$16,244,824	\$52,528,783	\$0	\$68,773,607	NA
2022	16,401,771	55,123,185	0	71,524,956	4.00%
2023	16,681,098	59,597,002	0	76,278,100	6.65
2024	16,904,590	63,125,979	0	80,030,569	4.92
2025	17,325,310	65,184,468	0	82,509,778	3.10

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1 of the applicable Fiscal Year.

<sup>(2)</sup> Includes parcels classified as Taxable Property only (Developed and Undeveloped).

Source: KeyAnalytics.

**Tax Rates.** As shown in Table A-74, the taxable property within CFD No. 2005-2 is subject to several different taxes and assessments. Table A-77 below shows a tax bill for an average parcel of taxable property within CFD No. 2005-2 (based on assessed value). Table A-77 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Data in Table A-77 is based on tax charges for Fiscal Year 2024-25 and does not reflect subsequent additional charges or increases.

**TABLE A-77**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2**  
**FISCAL YEAR 2024-25 PROPERTY TAX BILL**  
**SAMPLE TAX BILL**

<b>PROPERTY VALUE <sup>(1)</sup></b>	\$ 444,664
<i>LESS Homeowner's Exemption</i>	<u>7,000</u>
<b>NET PROPERTY VALUE</b>	\$ 437,664

	<i>Percent of Total Assessed Valuation</i>	<i>Expected Amount to be Levied</i>
<b>AD VALOREM PROPERTY TAXES</b>	1.14618%	
General Purpose	1.00000	\$ 4,376.64
Menifee Union School District	0.05080	222.33
Eastern Municipal Water District U-36	0.00860	37.64
Eastern Municipal Water District U-35	0.00860	37.64
Metropolitan Water District East	0.00700	30.64
Perris Union High School District	0.06850	299.80
Mount San Jacinto Community College District GO Bonds	0.00268	11.73
<b>ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES</b>		
AD Menifee LLMD 89-1-C Zn 63		70.60
AD Menifee CSA 84		57.08
Valley-Wide Regional Facilities LMD 88-1		5.54
Valley-Wide LMD Menifee South Park		1,019.20
Metropolitan Water District Standby East		6.94
EMWD Infrastructure Availability Charge		25.00
CFD 05-8 Scott Rd		1,533.68
Fld Cntl Stormwater/Cleanwater		3.74
CSA #152		45.02
CFD 92-1 Perris Union High School District		336.26
Menifee Union School District CFD No. 2005-2		<u>2,341.00</u>
<b>PROJECTED TOTAL PROPERTY TAXES</b>		<b>\$ 10,460.48</b>

**Percent of Property Taxes to Developed Property Assessed Value:** 2.35245%

Rounded to 2 decimals:  
2.35%

<sup>(1)</sup> Fiscal Year 2024-25 assessed valuation for a Dwelling Unit containing 3,834 assessable square feet, representing the median assessed value for a Dwelling Unit within CFD No. 2005-2.  
Source: Riverside County Tax Collector.

Tax rates within CFD No. 2005-2 vary based on a variety of factors, including building square footage, and, as a result, the median effective tax rate within CFD No. 2005-2 is 2.35245%. Table A-78 below sets forth the effective tax rate stratification of all parcels within CFD No. 2005-2 based on Fiscal Year 2024-25 assessed values.

**TABLE A-78**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2**  
**FISCAL YEAR 2024-25 EFFECTIVE TAX RATE STRATIFICATION**

<i>Effective Tax Rate Category</i>	<i>Number of Parcels</i>	<i>CFD No. 2005- 2 Bonds<sup>(1)</sup></i>	<i>Other Land Secured Debt<sup>(2)</sup></i>	<i>General Obligation Debt<sup>(2)</sup></i>	<i>Total Debt</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(3)</sup></i>	<i>Value-to-Lien Ratio<sup>(4)</sup></i>	<i>Total Taxes</i>	<i>Average Effective Tax Rate<sup>(5)</sup></i>	<i>Fiscal Year 2024-25 Special Tax</i>	<i>% Share of Special Tax</i>
2.30% and above	83	\$ 1,360,016	\$1,403,195	\$ 613,586	\$ 3,376,798	\$ 31,295,282	9.27	\$ 793,563	2.54%	\$175,593	45.87%
2.10% to 2.30%	43	731,170	730,952	414,093	1,876,214	21,120,333	11.26	466,841	2.21	94,402	24.66
1.90% to 2.10%	35	580,400	594,961	386,680	1,562,040	19,722,171	12.63	392,810	1.99	74,936	19.58
1.75% to 1.90%	16	276,665	270,440	194,840	741,944	9,937,575	13.39	183,128	1.84	35,720	9.33
1.60% to 1.75%	1	16,750	16,999	8,517	42,266	434,417	10.28	7,423	1.71	2,163	0.56
1.40% to 1.60%	0	0	0	0	0	0	N/A	0	0.00	0	0.00
1.40% and below	0	0	0	0	0	0	N/A	0	0.00	0	0.00
Total <sup>(6)</sup>	178	\$ 2,965,000	\$3,016,546	\$ 1,617,716	\$ 7,599,262	\$ 82,509,778	10.86	\$1,843,764.92	2.23%	\$382,814	100.00%

(1) The CFD No. 2005-2 Bonds reflects the principal amount outstanding after the anticipated debt service payment on September 1, 2025.

(2) See Table A-74 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

(3) Source: Riverside County Assessor's Roll dated July 1, 2024

(4) Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

(5) Average effective tax rate per Parcel; actual effective tax rate may vary by Parcel.

(6) Totals may not sum due to rounding.

Source: KeyAnalytics.

**Delinquencies.** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-79 below summarizes the Special Tax delinquencies within CFD No. 2005-2 for Fiscal Years 2020-21 through 2024-25 as of April 10, 2025.

**TABLE A-79  
MENIFEE UNION SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2005-2  
HISTORICAL DELINQUENCIES AND COLLECTION RATES**

<i>Fiscal Year</i>	<i>Parcel s Levied</i>	<i>Aggregate Special Taxes</i>	<i>Parcels Delinquent</i>	<i>Amount Collected</i>	<i>Amount Delinquent as of June 30<sup>(1)</sup></i>	<i>Delinquency Rate</i>	<i>As of April 10, 2025</i>	
							<i>Remaining Amount Delinquent</i>	<i>Remaining Delinquency Rate</i>
2020-21	178	\$382,814.30	1	\$380,651.72	\$ 2,162.58	0.56%	\$ 0.00	0.00%
2021-22	178	382,814.30	3	377,269.98	5,544.32	1.45	0.00	0.00
2022-23	178	382,814.30	2	379,481.22	3,333.08	0.87	0.00	0.00
2023-24	178	382,814.30	0	382,814.30	0.00	0.00	0.00	0.00
2024-25	178	382,814.30	3	377,415.95	NA	NA	5,398.35	1.41

<sup>(1)</sup> Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.  
Source: KeyAnalytics.

**Top Taxpayers.** The following table shows the top taxpayers in CFD No. 2005-2 based on the Fiscal Year 2024-25 Special Tax levy.

**TABLE A-80**  
**MENIFEE UNION SCHOOL DISTRICT**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-2**  
**ESTIMATED VALUE-TO-LIEN BY TOP PROPERTY OWNER**

<i>Owner<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value<sup>(1)</sup></i>	<i>Total Liens<sup>(2)</sup></i>	<i>Value-to- Lien Ratio<sup>(3)</sup></i>
Individual Property Owner	1	\$ 2,341.00	0.61%	\$ 867,000.00	\$ 52,129.26	16.63
Individual Property Owner	1	2,341.00	0.61	802,148.00	50,857.75	15.77
Individual Property Owner	1	2,341.00	0.61	790,500.00	50,629.37	15.61
Individual Property Owner	1	2,341.00	0.61	727,667.00	49,397.45	14.73
Individual Property Owner	1	2,341.00	0.61	666,437.00	48,196.95	13.83
Individual Property Owner	1	2,341.00	0.61	657,948.00	48,030.51	13.70
Individual Property Owner	1	2,341.00	0.61	657,948.00	48,030.51	13.70
Individual Property Owner	1	2,341.00	0.61	627,007.00	47,423.87	13.22
Individual Property Owner	1	2,341.00	0.61	622,200.00	47,329.62	13.15
Individual Property Owner	1	2,341.00	0.61	567,745.00	46,261.96	12.27
<b>Total <sup>(4)</sup></b>	<b>10</b>	<b>\$ 23,410.00</b>	<b>6.12%</b>	<b>\$ 6,986,600.00</b>	<b>\$ 488,287.26</b>	<b>14.31</b>

<sup>(1)</sup> Source: Riverside County Assessor's Roll, dated July 1, 2024.

<sup>(2)</sup> See Table A-74 for a description of overlapping liens and does not reflect subsequent additional charges or increases that may occur in Fiscal Year 2025-26. Other land secured debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 Special Tax Levy. General obligation debt has been allocated based on the proportionate share of the Fiscal Year 2024-25 assessed values.

<sup>(3)</sup> Average value-to-lien per Parcel; actual value-to-lien may vary by Parcel.

<sup>(4)</sup> Totals may not sum due to rounding.

Source: KeyAnalytics.

## APPENDIX B

### SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

#### THE INDENTURE OF TRUST

*The following is a brief summary of the provisions of the Indenture of Trust not already summarized in the main body of this Official Statement. This Summary is not intended to be definitive. Reference is made to the actual document (a copy of which is available from the Authority) for the complete terms thereof.*

#### DEFINITIONS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary or previously defined in this Official Statement have the respective meanings previously given. The following are not all of the terms defined in the Indenture.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Administrative Expenses” means the fees and expenses of the Trustee and the Authority incurred in carrying out their respective duties under the Indenture, including but not limited to: legal fees and expenses; the costs of all consultants and attorneys retained by or on behalf of the Authority to comply with any state or federal information reporting and disclosure requirements, and to maintain credit enhancement related to the Bonds; “Administrative Costs” (as defined in the Indenture) payable to the Bond Insurer under the Bond Insurance Policy; and “Administrative Expenses” (as defined in the Reserve Fund Policy Agreement) payable to the Bond Insurer under the Reserve Fund Policy Agreement.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, including from mandatory sinking fund payments.

“Authority” means the Menifee Union School District Public Financing Authority, a joint powers authority duly organized and existing under the JPA Agreement and under and by virtue of the laws of the State.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

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

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Authority, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Insurance Policy” means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees the payment of principal of and interest on the Bonds.

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

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.



“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with the Indenture.

“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 Closing Date to September 1, 2025, both dates inclusive.

“Bonds” means, collectively, the bonds of the Authority captioned “Menifee Union School District Public Financing Authority Special Tax Revenue Bonds, 2025 Series A” authorized by and at any time Outstanding pursuant to the Bond Law and the Indenture, and any additional Bonds authorized to be issued for partial refunding purposes under the Indenture.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York and Los Angeles, California, or where the Principal Office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of the Authority” means a certificate in writing signed by the Chairman or Treasurer of the Authority, the Chief Business Official of the School District, or by any other officer of the Authority duly authorized by the Chairman for that purpose.

“CFD No. 94-1” means Community Facilities District No. 94-1 of the Menifee Union School District.

“CFD Bonds” means, collectively, the CFD 2003-2 IA A and the CFD 2003-4 Bonds.

“CFD 2003-2 IA A Bonds” means the bonds captioned “Community Facilities District No. 2003-2 of the Menifee Union School District Improvement Area A 2025 Special Tax Bonds.”

“CFD 2003-4 Bonds” means the bonds captioned “Community Facilities District No. 2003-4 of the Menifee Union School District 2025 Special Tax Bonds.”

“Closing Date” means \_\_\_\_\_, 2025, the date upon which there is a physical delivery of the Bonds in exchange for the purchase price therefor.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the Authority and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the Authority and the issuance and sale of the Bonds and the issuance and acquisition of the CFD Bonds, including without limitation the acceptance and initial annual fees and expenses of the Trustee and Escrow Agent and their counsel, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, the premium and other amounts payable as a condition to the issuance of the Bond Insurance Policy and Reserve Fund Policy, and other fees and expenses set forth in a Request of the Authority.

“Costs of Issuance Fund” shall mean the fund by that name established in the Indenture.

“District” or “Districts” means each and collectively, all, as the case may be, of those community facilities districts listed in the Indenture.

“District Fiscal Agent Agreement” means each of the Fiscal Agent Agreements listed in the Indenture, by and between each of the Districts and Zions Bancorporation, National Association, as successor fiscal agent and fiscal agent, as amended and supplemented.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Escrow Agent” means Zions Bancorporation, National Association, as escrow agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of July 1, 2025, between the Authority and the Escrow Agent.

“Escrow Fund” means the fund by that name established under the Escrow Agreement for the defeasance and refunding of the 2016 Authority Bonds.

“Event of Default” means any of the events described in the Indenture.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if

(A) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code,

(B) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code,

(C) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or

(D) any commingled investment fund in which the Authority and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Securities” means

(A) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and

(B) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Agent” means Zions Bancorporation, National Association, acting in its capacity as the fiscal agent for the Local Obligations, and any successor fiscal agent with respect to any Local Obligation that may at any time be substituted in its place as provided in each District Fiscal Agent Agreement.

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

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

“Independent Accountant” means any certified public accountant or firm of such certified public accountants appointed and paid by the Authority, and who, or each of whom –

(a) is in fact independent and not under domination of the Authority, the School District or the Districts;

(b) does not have any substantial interest, direct or indirect, in the Authority, the School District or the Districts; and

(c) is not an officer or employee of the Authority, the School District or the Districts, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, the School District or the Districts.

“Independent Financial Consultant” means any financial consultant or firm of such consultants experienced in the area for which such consultant is being retained by the Authority, and who, or each of whom –

(a) is in fact independent and not under domination of the Authority, the School District or the Districts;

(b) does not have any substantial interest, direct or indirect, in the Authority, the School District or the Districts; and

(c) is not an officer or employee of the Authority, the School District or the Districts, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, the School District or the Districts.

“Information Services” means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the [emma.msrb.org](http://emma.msrb.org) website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a written request delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee within the Revenue Fund pursuant to the Indenture.

“Interest Payment Date” means March 1 and September 1 in each year, beginning March 1, 2026, and continuing thereafter so long as any Bonds remain Outstanding.

“JPA Agreement” means that certain Joint Exercise of Powers Agreement dated as of December 1, 2005, by and between the School District and CFD No. 94-1, together with any amendments thereof and supplements thereto.

“Local Obligations” means, collectively, the Prior CFD Bonds and the CFD Bonds, as set forth in the Indenture.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service on the Bonds during the current or any future Bond Year.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture regarding disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under the Indenture except -

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture or Bonds called for redemption as described in the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“Participating Underwriter” has the meaning given in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided the Trustee may rely upon any Request of the Authority as a certification to it that such investment constitutes a legal investment under the laws of the State):

A. Federal Securities.

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

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

D. Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which are

separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

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

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

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

F. Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

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

"Principal Office" means the corporate trust office of the Trustee set forth in the Indenture or such other or additional offices as may be designated by the Trustee.

"Prior CFD Bonds" means the refunding special tax bonds previously issued by the community facilities districts listed in the Indenture, which are owned by the Authority.

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

"Qualified Reserve Fund Credit Instrument" means, the Reserve Fund Policy and, subject to the proviso below, an insurance policy or surety bond issued by an insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee:

(a) the claims paying ability of such insurance company at the time of such issuance is "A" from S&P, or "A" from Moody's (in each case, without regard to numerical or other modifier);

(b) such insurance policy or surety bond has a term of at least 12 months;

(c) such insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement to be satisfied by such Qualified Reserve Fund Credit Instrument; and

(d) the Trustee is authorized pursuant to the terms of such insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest

Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

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

“Representation Letter” means the representation letter dated as of the Closing Date for the Bonds from the Authority to DTC.

“Request of the Authority” means a request in writing signed by the Chairman or Treasurer of the Authority, the Chief Business Official of the School District, or by any other officer of the Authority or the School District duly authorized by the Board for that purpose.

“Reserve Fund” means the fund by that name established, held and administered by the Trustee under the Indenture.

“Reserve Fund Accounts” mean the accounts within the Reserve Fund corresponding to each District as set forth in the Indenture.

“Reserve Fund Policy” means the surety bond or insurance policy issued by the Bond Insurer guaranteeing certain payments as provided therein and subject to the limitations set forth therein.

“Reserve Fund Policy Agreement” means the Debt Service Reserve Agreement, dated as of the Closing Date, by and between the Authority and the Bond Insurer, governing the issuance, use and repayment of advances made under the Reserve Fund Policy.

“Reserve Requirement” means, as of any date of calculation, the least of

(i) 10% of the initial principal amount of the Bonds, provided that the issue price of the Bonds shall be used rather than the original principal amount, if (i) the net original issue discount or premium of the Bonds is less than 98% or more than 102% of the original principal amount of the Bonds, and (ii) using the issue price would produce a lower result than using the original principal amount,

(ii) Maximum Annual Debt Service on the Outstanding Bonds, or

(iii) 125% of average Annual Debt Service on the Outstanding Bonds;

provided, however, that in no event shall the amount calculated hereunder exceed the amount on deposit in the Reserve Fund on the date of issuance of the Bonds.

“Responsible Officer” when used with respect to the Trustee, means any officer or employee within the Principal Office of the Trustee (or any successor group of the Trustee) having direct responsibility for the administration of the Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject. It also means any officer of the Trustee assigned to administer the Trustee’s duties under the Indenture.

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

“Revenues” means:

(a) all amounts received from the Districts pursuant to any Local Obligations,

(b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture (other than the Costs of Issuance Fund and the Surplus Fund); and

(c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture (other than the Surplus Fund).

“School District” means the Meniffee Union School District, a union school district organized under the laws of the State of California, and any successor thereto.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and such other securities depositories as the Authority may designate in a Request of the Authority delivered to the Trustee.

“Special Tax Bonds Prepayment Account” means the account by that name established and held by the Trustee within the Revenue Fund pursuant to the Indenture.

“Special Taxes” means the taxes authorized to be levied by the Districts on parcels within the Districts which have been pledged to pay debt service on the Local Obligations.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of the Indenture.

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

“2016 Authority Bonds” means the special tax revenue bonds previously issued by the Authority captioned “\$40,675,000 Meniffee Union School District Public Financing Authority Special Tax Revenue Bonds, 2016 Series A.”

“Trustee” means Zions Bancorporation, National Association and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

“Yield” has the meaning given to such term in the Code, which as of the Closing Date is \_\_\_\_\_ % for the Bonds.

#### CERTAIN FUNDS AND ACCOUNTS; INVESTMENTS

Costs of Issuance Fund. Under the Indenture the Trustee will establish and maintain a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited a portion of the proceeds of the Bonds pursuant to the Indenture.

The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Request of the Authority in the form attached to the Indenture.

On the date which is three months following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund and applied to the payment of interest next coming due on the Bonds. Upon such transfer the Costs of Issuance Fund shall be closed.

The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts.

Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the “Purchase Fund” into which shall be deposited the net proceeds of sale of the Bonds pursuant to the Indenture. The Trustee shall use the proceeds of the Bonds to purchase the CFD Bonds on the Closing Date. Upon receipt of the CFD Bonds, the Trustee shall deposit the CFD Bonds in the Revenue Fund.

Reserve Fund.

(a) Under the Indenture, the Trustee shall establish and maintain a separate trust fund to be known as the “Reserve Fund.” There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement.

The Trustee shall establish and maintain the following Reserve Fund Accounts for each Local Obligation for the purposes set forth in the Indenture:

- (i) the Community Facilities District No. 2002-4 Reserve Account;
- (ii) the Community Facilities District No. 2002-5 Reserve Account;
- (iii) the Community Facilities District No. 2003-1 Reserve Account;
- (iv) the Community Facilities District No. 2003-2 IA A Reserve Account;
- (v) the Community Facilities District No. 2003-4 Reserve Account;
- (vi) the Community Facilities District No. 2004-2 Reserve Account;
- (vii) the Community Facilities District No. 2004-3 Reserve Account;
- (viii) the Community Facilities District No. 2004-4 Reserve Account;
- (ix) the Community Facilities District No. 2004-5 Reserve Account;
- (x) the Community Facilities District No. 2005-2 Reserve Account;

The Reserve Requirement shall be allocated among the Reserve Fund Accounts on a pro rata basis based on the then-outstanding amounts of the Local Obligations. Any cash amounts on deposit in the Reserve Fund shall be allocated among the Reserve Fund Accounts on a pro rata basis based on the then-outstanding amounts of the Local Obligations.

The Reserve Requirement shall be initially satisfied through the deposit of the Reserve Fund Policy, which constitutes a Qualified Reserve Fund Credit Instrument under the Indenture, having a stated maximum amount equal to the Reserve Requirement.

If the amount of the Reserve Requirement is reduced because of the payment at maturity or partial redemption of the Bonds, the Trustee shall, at the written direction of the Authority, adjust the balance in any Reserve Fund Account, provided that the total amount held in the accounts of the Reserve Fund equals the Reserve Requirement.

(b) Available amounts in the Reserve Fund shall be used solely for the purposes set forth in this provision of the Indenture. Subject to the limitations set forth in the following paragraphs, amounts in the Reserve Fund may be applied to pay the principal of, including sinking fund payments, and interest on the



Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor.

In addition, any cash amounts held in the Reserve Fund (other than cash derived from draws on the Reserve Fund Policy) may be applied in connection with an optional redemption or a special mandatory redemption pursuant to the Indenture or a defeasance pursuant to the Indenture hereof of the Bonds in whole or in part, or when the balance therein equals the principal and interest due on the Bonds to and including maturity, or in accordance with the provisions of the Indenture, to pay the principal of and interest due on the Bonds to maturity.

(c) Amounts transferred in connection with a redemption or a defeasance of Bonds shall be transferred from the Reserve Fund Account of the Reserve Fund established for each District that caused such redemption or defeasance through a redemption of its respective Local Obligations. Any amounts in the Reserve Fund in excess of what the Reserve Requirement will be following an optional redemption, special mandatory redemption or partial defeasance of the Bonds shall be applied toward the optional redemption, special mandatory redemption or defeasance of the Bonds, as applicable.

(d) If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Bonds when due, the Trustee shall withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account, as applicable, moneys necessary for such purposes in the following priority and subject to the following limitations: any cash deposited in the Reserve Fund shall be used first for such transfers to the Interest and Principal Accounts, and only in the event of the unavailability of such moneys, the Reserve Fund Policy shall be drawn upon by the Trustee for such purposes. After the Trustee ascertains the necessity for such draws upon the Reserve Fund Policy, but prior to any such draws, the Trustee shall provide written notice to the Bond Insurer in accordance with the Reserve Fund Policy and the Reserve Fund Policy Agreement.

(e) Draws on the Reserve Fund for payment of the Bonds may only be replenished, or reimbursed to due to a draw on the Reserve Policy, from Special Taxes received from the Taxing Jurisdiction corresponding to the deficiency in payment of the series of Local Obligations that caused the draw; there is no requirement that Special Taxes of a District be used to replenish a draw on the Reserve Policy attributable to deficiency attributable to the another Taxing Jurisdiction.

(f) The Trustee will transfer any cash balance in each Reserve Fund Account (other than cash derived from draws on the Reserve Fund Policy) to each District, to be used for any lawful purpose, in the amounts and on the dates as set forth in a Request of the Authority.

(g) Any cash on deposit in the Reserve Fund, if any, in excess of the Reserve Requirement not transferred in accordance with the preceding paragraphs shall be withdrawn from the Reserve Fund on each Interest Payment Date and transferred to the Interest Account of the Revenue Fund.

(h) The Authority shall have the right at any time to direct the Trustee to release from the Reserve Fund the Reserve Fund Policy or any cash then on deposit therein, in whole or in part, by tendering to the Trustee:

(i) a Qualified Reserve Account Credit Instrument, and

(ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation.

Upon tender of such items to the Trustee, and upon delivery by the Authority to the Trustee of written calculation of the amount permitted to be released from the Reserve Fund (upon which the Trustee may conclusively rely), the Trustee shall transfer the Reserve Fund Policy or such funds, as applicable, from the

Reserve Fund to the Authority to be used for any lawful purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder if and to the extent required to make any payment when and as required under this Section.

Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of cash equal to the Reserve Requirement.

However, the Authority shall have no obligation to replace any Qualified Reserve Account Credit Instrument following a rating downgrade or insolvency of the Qualified Reserve Account Credit Instrument provider.

(i) The Trustee shall comply with all of the terms and provisions of the Reserve Fund Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Fund, within the limits of the coverage amount provided by the Reserve Fund Policy. All amounts drawn by the Trustee under the Reserve Fund Policy will be deposited into the Interest Account or Principal Account of the Revenue Fund, as applicable, and applied for the purposes thereof.

#### Surplus Fund.

Under the Indenture, the Trustee shall establish and maintain a separate fund to be known as the "Surplus Fund" which shall be administered as provided in this Section.

Amounts in the Surplus Fund shall no longer be considered Revenues and are not pledged to repay the Bonds.

So long as the Local Obligations are outstanding under the terms of the District Fiscal Agent Agreements, on September 2 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses which shall be paid by the Trustee upon receipt of a Request of the Authority, the remaining balance in the Surplus Fund shall be transferred by the Trustee to each Fiscal Agent, in the amounts as shall be set forth in a Request of the Authority, for credit to the Special Tax Fund of each District established under each respective District Fiscal Agent Agreement and held by each Fiscal Agent; provided, however, that if any District is in default in the payment of debt service on its respective Local Obligation, the amount to be transferred to the Fiscal Agent with respect to that Local Obligation shall be reduced by the amount of such deficiency until such time as the delinquency on the Local Obligation is cured.

If the Local Obligations have been paid or defeased such that a District is no longer obligated to levy Special Taxes to repay its Local Obligations, then such amounts in the Surplus Fund shall be disbursed only to those Districts which are still obligated to levy Special Taxes to repay Local Obligations.

If all Districts are no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of Administrative Expenses or any other purpose as specified in a Request of the Authority delivered to the Trustee.

#### Investments.

All moneys in any of the funds or accounts established with the Trustee under the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority

filed with the Trustee at least 2 Business Days in advance of the making of such investments. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (D) of the definition thereof, provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received a Request of the Authority specifying a specific money market fund and, if no such Request of the Authority is so received, the Trustee shall hold such moneys uninvested.

The Authority shall make note of any investment of funds under the Indenture in excess of the yield on the Bonds, so that appropriate actions can be taken to assure compliance with the Indenture.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Indenture any moneys are required to be transferred by the Authority to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. Any Permitted Investments that are registrable securities shall be registered in the name of the Trustee.

The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Indenture for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee under the Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture.

The Trustee shall sell at Fair Market Value, or present for redemption, any investment security whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited, and the Trustee shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Indenture.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements that shall include detail for all investment transactions made by the Trustee under the Indenture.

#### COVENANTS OF THE AUTHORITY

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

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of

payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have been so extended.

The Indenture provides nothing in the foregoing paragraph shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

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

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

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

Monthly, the Trustee shall prepare and file with the Authority a statement setting forth:

(a) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture;

(b) the balance on deposit in each fund and account as of the date for which such statement is prepared; and

(c) a brief description of all obligations held as investments in each fund and account;

provided, that the Trustee shall not be obligated to provide an accounting for any fund or account that has a balance of \$0.00 and has not had any activity since the last reporting date.

#### Tax Covenants.

*Generally.* The Authority shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

*Private Activity Bond Limitation.* The Authority shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become “private activity bonds” within the

meaning of section 141(a) of the Code or to meet the private loan financing test of Section 141(c) of the Code.

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

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

*Rebate of Excess Investment Earnings.* The Authority shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Code, at the times and in the manner required under the Code. The Authority shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Code, such payments to be made from any source of legally available funds of the Authority. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this provision of the Indenture.

*Maintenance of Tax-Exemption on Prior Bonds.* The Authority will take all actions necessary to assure the exclusion of interest on the 2016 Authority Bonds from the gross income of the Owners of the 2016 Authority Bonds until the redemption in full of the 2016 Authority Bonds in accordance with the Escrow Agreement.

The Trustee has no duty to monitor the compliance by the Authority with any of the tax covenants described above.

Local Obligations. Subject to the provisions of the Indenture, the Authority and the Trustee shall use reasonable efforts to collect all amounts due from the Districts pursuant to the Local Obligations and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the Districts thereunder. The Authority shall instruct the Districts to cause the Fiscal Agent to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and the Districts may at any time consent to, amend or modify any of the Local Obligations pursuant to the terms thereof, with the prior written consent of the Bond Insurer, and upon satisfaction of the following conditions: (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes -

(i) to add to the covenants and agreements of the Districts contained in such Local Obligations, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Districts; or

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations, or in any other respect whatsoever as the Districts may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(iii) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of nationally-recognized bond counsel.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, with the prior written consent of the Bond Insurer, the Authority may cause the Trustee to sell by Request of the Authority, from time to time, all or a portion of an issue of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Financial Consultant to the effect that, following the disposition of such Local Obligations, the Revenues as described in clause (a) of the definition thereof in the Indenture to be paid to the Trustee (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any non-callable Federal Securities irrevocably pledged to the repayment of the Bonds, will be sufficient to pay the principal of and interest on the Bonds when due; and

(b) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions, the Trustee shall disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund.

Continuing Disclosure. The Authority covenants and agrees in the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee (at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys) 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 Authority to comply with its obligations under this paragraph.

For purposes of the above, "Beneficial Owner" 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Compliance with Provisions Relating to Bond Insurance Policy and Reserve Fund Policy. So long as the Bond Insurance Policy remains in effect, the Authority and the Trustee shall comply with all of the terms and provisions set forth in the Indenture relating to the Bond Insurer and the Bond Insurance Policy.

So long as the Reserve Fund Policy remains in effect, the Authority and the Trustee shall comply with all of the terms and provisions set forth in the Indenture relating to the Bond Insurer and the Reserve Fund Policy.

## MODIFICATION AND AMENDMENT OF THE INDENTURE

### Amendment.

(a) *Modification With the Consent of Owners.* The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding are filed with the Trustee.

No such modification or amendment shall

(i) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond,

(ii) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or

(iii) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

(b) *Modification Without the Consent of Owners.* The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes-

(i) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers reserved under the Indenture to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(iii) to amend any provision hereof relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds, including, but not limited to, amending the procedures set forth in the Indenture hereof with respect to the calculation of rebatable arbitrage; or

(iv) to amend the provisions of the Indenture related to the Surplus Fund.

(c) *Opinion of Bond Counsel.* The Trustee may obtain an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of the Indenture and the Trustee may conclusively rely upon such opinion.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken provided under the Indenture, the Authority may determine that any affected Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of its Bond for that purpose at the Principal Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Principal Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Amendment by Mutual Consent. The provisions of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

#### EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

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

(a) Default in the due and punctual payment of the principal of any Bond when it becomes due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when it becomes due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such default has continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 30 day period unless waived by the Trustee) shall not constitute an Event of Default under the Indenture if the Authority commences to cure such default within said 30-day period and thereafter cures such default within a 60-day period of time.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction approves a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Authority or of the whole or any substantial part of its property.

Remedies; Rights of Bond Owners.

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. In the event of an Event of Default



arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from the funds of the Authority and not from Revenues.

If an Event of Default has occurred and continues and if requested so to do by the Owners of at least 25% in aggregate principal amount Outstanding of the Bonds and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this provision of the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bond Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

#### Application of Revenues and Other Funds After Default.

All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds shall be applied by the Trustee in the following order upon presentation of the several the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this provision of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee;

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid; provided, however, that in the event such amounts are insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority;

First to the payment of all installments of interest on the Bonds then due and unpaid, and

Second, to the payment of all installments of principal of the Bonds then due and unpaid;

Third, to the Authority to the extent of its Administrative Expenses.

Subject to the provisions set forth above, upon an Event of Default, any or all moneys held in the funds and accounts under the Indenture shall be applied to pay the redemption prices of, or any amount due in respect of principal or interest on, the Bonds.

#### Power of Trustee to Control Proceedings.

If the Trustee, upon the happening of an Event of Default, has taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion, or upon the request of the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of 25% in aggregate principal amount

of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other such litigation.

Any suit, action or proceeding which any Owner of the Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of the Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

#### Appointment of Receivers.

Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

#### Non-Waiver.

Nothing in this provision of the Indenture or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Indenture, out of the Revenues and other moneys pledged for such payment in the Indenture.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners 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 of the Trustee or any Owner of any of the Bonds 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 Trustee or Bond Owners by the Bond Law or by this provision of the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

#### Rights and Remedies of Bond Owners.

No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless

(a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;

(b) the Owners of 25% in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

(c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee refuses or fails to comply with such request for a period of 60 days after such written request is received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or failure are declared, in every case, to be conditions precedent to the exercise by any Owner of the Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this provision of the Indenture or any other provision of the Indenture.

#### Termination of Proceedings.

If the Trustee has proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

### LIMITED LIABILITY OF AUTHORITY

Notwithstanding anything contained in the Indenture, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained under the Indenture (except to the extent any such covenants are expressly payable under the Indenture from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues, and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues (with respect to the Bonds) and other funds pledged to the payment thereof as in the Indenture provided.

### DISCHARGE OF INDENTURE

The Authority may, and if any of the Local Obligations are to be defeased and/or redeemed in accordance with the related District Fiscal Agent Agreement then the Authority shall, pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or an escrow bank as fiduciary meeting the financial requirements set forth in the Indenture, in trust, Federal Securities set forth in (a), (b) or (d) of the definition thereof (each a “Defeasance Obligation”) in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been mailed pursuant to the Indenture or provision satisfactory to the Trustee is made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in the Indenture hereof, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and to pay all expenses and costs of the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the Districts.

#### PROVISIONS RELATING TO BOND INSURANCE POLICY AND RESERVE FUND POLICY

##### Bond Insurance Policy

So long as the Bond Insurance Policy remains in effect, the Authority and the Trustee shall comply with all of the terms and provisions set forth in the Indenture relating to the Bond Insurer and the Bond Insurance Policy, which include among others the following.

*Defeasance.* The investments in the defeasance escrow relating to Insured Obligation shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least three Business Days prior to any defeasance with respect to the Insured Obligations, the Authority shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Obligations, a verification report (a “Verification Report”) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

- a. Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.
- b. The Authority will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund

redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

c. The Authority shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

*Trustee.*

a. BAM shall receive prior written notice of any name change of the trustee (the "Trustee") for the Insured Obligations or the resignation or removal of the Trustee. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.

b. No removal, resignation or termination of the Trustee shall take effect until a successor, meeting the requirements above or acceptable to BAM, shall be qualified and appointed.

*Amendments, Supplements and Consents.* BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Authority and the Districts shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Obligations.

a. *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:

- i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
- ii. To grant or confer upon the holders of the Insured Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Obligations, or
- iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
- iv. To add to the covenants and agreements of the Authority or the Districts in the Security Documents other covenants and agreements thereafter to be observed by the Authority or the Districts or to surrender any right or power therein reserved to or conferred upon the Authority or the Districts.
- v. To issue additional parity debt in accordance with the requirements set forth in the Security Documents (unless otherwise specified herein).

b. *Consent of BAM in Addition to Bondholder Consent.* Whenever any Security Document requires the consent of holders of Insured Obligations, BAM's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, any of the Security

Documents that adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

c. *Insolvency.* Any reorganization or liquidation plan with respect to the Authority or the Districts must be acceptable to BAM. The Trustee and each owner of the Insured Obligations hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Obligations and agree that BAM may at any time during the continuation of any proceeding by or against the Authority or the Districts under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Obligations delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Obligations with respect to the Insured Obligations in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

d. *Control by BAM Upon Default.* Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Trustee for the benefit of the holders of the Insured Obligations under any Security Document. No default or event of default may be waived without BAM’s written consent.

e. *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

f. *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

g. *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation,

conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

*District Fiscal Agent Agreements.*

a. The security for the Insured Obligations shall include a pledge and assignment of the District Fiscal Agent Agreements and a default under any District Fiscal Agent Agreement shall constitute an Event of Default under the Security Documents. In accordance with the foregoing, any such District Fiscal Agent Agreement is hereby pledged and assigned to the Trustee for the benefit of the holders of the Insured Obligations.

b. Any payments by the Districts under the District Fiscal Agent Agreements that will be applied to the payment of debt service on the Insured Obligations shall be made directly to the Trustee at least 15 days prior to each debt service payment date for the Insured Obligations.

*BAM As Third Party Beneficiary.* BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

*Payment Procedure Under the Policy.*

In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners.

In the event that on the second business day prior to any payment date on the Insured Obligations, or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, Trustee shall so notify BAM or its designee.

In addition, if the Trustee has notice that any holder of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Obligations as follows:

a. If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all

such payments in a separate account (the “BAM Policy Payment Account”) to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such respective holders; and

b. If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Authority on any Insured Obligation or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Authority with respect to such Insured Obligations, and BAM shall become the owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Authority and the Trustee agree for the benefit of BAM that:

a. They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Trustee), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Insured Obligations; and

b. they will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

*Additional Payments.* The Authority agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents (“Administrative Costs”). For purposes of the foregoing, costs and



expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Authority agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Authority agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Authority, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the Authority hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

*Debt Service Reserve Fund.* The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Insured Obligations.

*Exercise of Rights by BAM.* The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Obligations and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of BAM.

*BAM Entitled to Pay.* BAM shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.

*No Impairment.* No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Obligations may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

*Cross Default.* If an event of default occurs under any agreement pursuant to which any Obligation of the Authority or the Districts has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured Obligations or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under this Indenture and the related Security Documents for which BAM or the Trustee, at the direction of BAM, shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Obligations.

*Local Obligations.* Neither the Authority nor the Trustee shall sell, transfer or encumber, or permit the sale, transfer or encumbrance of, any of the Local Obligations, unless BAM shall have provided its prior

written consent. Any refunding, defeasance or optional redemption of any of the Local Obligations, in whole or in part, shall be subject to the prior written consent of BAM.

*Definitions.*

“BAM” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Insured Obligations” shall mean the Bonds.

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

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

“Security Documents” shall mean the Indenture and the District Fiscal Agent Agreements and/or any additional or supplemental document executed in connection with the Insured Obligations.

Reserve Insurance Policy

So long as the Reserve Fund Policy remains in effect, the Authority and the Trustee shall comply with all of the terms and provisions set forth in the Indenture relating to the Bond Insurer and the Reserve Fund Policy, which include among others the following.

(a) The Authority shall repay Build America Mutual Assurance Company (“BAM” or “Bond Insurer”) any draws under the Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) and pay all related reasonable charges, fees, costs, losses, liabilities and expenses (“Administrative Expenses”) that the Bond Insurer may pay or incur. Interest shall accrue and be payable on such draws and Administrative Expenses from the date of payment by the Bond Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Insured Obligations, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base-lending rate of such national bank, banking association or trust company bank as the Bond Insurer in its sole and absolute discretion shall specify.

Repayment of draws and payment of Administrative Expenses and interest accrued thereon at the Late Payment Rate (collectively, the “Policy Costs”) shall commence in the first month following each draw and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Policy will be reinstated by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the debt service reserve fund or account securing the Insured Obligations (the "Reserve Fund") shall be transferred to the debt service fund for payment of the debt service on the Insured Obligations before any drawing may be made on the Reserve Policy or on any alternative credit instrument on deposit in the Reserve Fund in lieu of cash (the "Alternative Credit Instrument").

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Alternative Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the available coverage under each such Alternative Credit Instrument) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Alternative Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws on the Reserve Policy may only be used to make payments on the Insured Obligations (and for the avoidance of doubt, not any other obligations of the Authority, whether issued on parity with the Insured Obligations, or otherwise).

(c) If the Authority shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Security Documents other than (i) acceleration of the maturity of the Insured Obligations, or (ii) remedies which would adversely affect owners of the Insured Obligations.

(d) The Security Documents shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Authority's obligation to pay such amounts shall expressly survive payment in full of the Insured Obligations.

(e) In order to secure the Authority's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Bond Insurer a security interest (subordinate only to that of the owners of the Insured Obligations) in all revenues and collateral pledged as security for the Insured Obligations.

(f) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and shall provide notice to the Bond Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Insured Obligations. Where deposits are required to be made by the Authority with the Trustee to the debt service fund for the Insured Obligations more often than semi-annually, the Trustee shall give notice to the Bond Insurer of any failure of the Authority to make timely payment in full of such deposits within two business days of the date due.

(g) The Reserve Policy shall expire on the earlier of the date the Insured Obligations are no longer outstanding and the final maturity date of the Insured Obligations.

(h) Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test in the Security Documents.

(i) Definitions.

“Insured Obligations” shall mean the Bonds.

“Security Documents” shall mean the Indenture and the District Fiscal Agent Agreements and/or any additional or supplemental document executed in connection with the Insured Obligations.

## THE FISCAL AGENT AGREEMENTS

*The following is a brief summary of the provisions of each Fiscal Agent Agreement (which are substantially the same) not already summarized in the main body of this Official Statement. This summary is not intended to be definitive. Reference is made to the actual document (a copy of which is available from the Authority) for the complete terms thereof.*

### DEFINITIONS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary or previously defined in this Official Statement have the respective meanings previously given. The following are not all of the terms defined in the Fiscal Agent Agreements.

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

“Administrative Expense Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Administrative Expense Requirement” means \$20,000.

“Administrative Expenses” means the actual or reasonably estimated costs incurred by the District or the School District directly related to the administration of the District and the Special Taxes, including without limitation the following:

(A) the costs of computing the Special Taxes and of preparing the annual Special Tax collection schedules (whether by employees of or consultants employed by the District or the School District);

(B) the costs of collecting the Special Taxes (whether by the County or otherwise);

(C) the costs of remitting the Special Taxes to the Fiscal Agent for the Bonds;

(D) the fees and expenses of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under this Agreement;

(E) the costs incurred by the District and the School District in complying with the disclosure requirements of applicable federal and state securities laws, Government Code Section 50075.1, et seq., Government Code Section 8855(k)(1), and of the Act, and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to the Authority;

(F) the costs of the District or its designee or consultants related to any appeal of the Special Tax;

(G) any amounts required to be rebated to the federal government in order for the School District to comply with the Fiscal Agent Agreement;

(H) an allocable share of the salaries of the School District staff directly relating to all of the foregoing;

(I) amounts advanced by the School District for Administrative Expenses or any other administrative purposes of the District;

(J) costs related to the prepayment, discharge or satisfaction of Special Taxes; and

(K) the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes.

“Annual Debt Service” means, for each Bond Year, the sum of

(A) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of the Fiscal Agent Agreement providing for mandatory sinking payments), and

(B) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year under the Fiscal Agent Agreement).

“Auditor” means the auditor/controller of the County of Riverside.

“Authority” means the Menifee Union School District Public Financing Authority.

“Authority Bonds” means the bonds of the Authority captioned “\$\_\_\_\_\_ Menifee Union School District Public Financing Authority Special Tax Revenue Bonds, 2025 Series A” issued under the Indenture.

“Authorized Officer” means the President or Vice President of the Governing Board, the Superintendent, any Assistant Superintendent, the Chief Business Official, the Director of Facilities, or any other officer or employee authorized by the Governing Board of the School District or by an Authorized Officer to undertake the action referred to in this Agreement as required to be undertaken by an Authorized Officer.

“Bond Counsel” means Jones Hall, A Professional Law Corporation, or any attorney or firm of attorneys selected by the District with expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Bond Insurance Policy” means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees the payment of principal of and interest on the Authority Bonds.

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

“Bond Register” means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under the Fiscal Agent Agreement.

“Bond Year” means the one-year period beginning on September 2nd in each year and ending on September 1st in the following year, except that the first Bond Year will begin on the Closing Date and end on September 1, 2025.

“Bonds” means the 2025 CFD Bonds and Prior CFD Bonds issued by the District under the Fiscal Agent Agreement.

“Business Day” means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in California, the state in which the Fiscal Agent has a corporate trust office are authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

“Closing Date” means \_\_\_\_\_, 2025, being the date upon which there is delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Authority.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, sale and issuance of the Bonds and the Authority Bonds, which include, without limitation, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent and Trustee including their first annual administration fee and fees and expenses of its counsel, expenses incurred by the District or School District in connection with the issuance of the Bonds and the refunding and defeasance of the bonds being refunded by the 2025 CFD Bonds, special tax consultant fees and expenses, bond underwriter’s discount, legal fees and charges, including bond counsel, disclosure counsel, municipal advisor fees and expenses, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

“County” means the County of Riverside, California.

“Debt Service” means the scheduled amount of interest and amortization of principal payable under the Fiscal Agent Agreement on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Developed Property” has the same meaning as set forth in the Rate and Method of Apportionment.

“District” means the Community Facilities District that is a party to the Fiscal Agent Agreement, formed by the School District under the Act and the Resolution of Formation.

“Escrow Agent” means Zions Bancorporation, National Association, acting in its capacity as escrow agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of July 1, 2025, by and between the District and the Escrow Agent.

“Escrow Fund” means the fund by that name established under the Escrow Agreement.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if

(A) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code,

(B) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code,

(C) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or

(D) any commingled investment fund in which the District and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Securities” means

(A) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and

(B) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Agent” means Zions Bancorporation, National Association appointed by the District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement under which the Prior CFD Bonds were issued and under which the 2025 CFD Bonds are issued, as they may be amended or supplemented from time to time by any Supplemental Agreement adopted under the provisions of the Fiscal Agent Agreement.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Improvement Fund” means the fund by that name established under the Fiscal Agent Agreement, with accounts as specified in the Fiscal Agent Agreement.

“Indenture” means the Indenture of Trust dated as of July 1, 2025, by and between the Authority and the Trustee.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by an Authorized Officer, and who, or each of whom:

(A) is judged by the Authorized Officer to have experience in matters relating to the issuance and/or administration of bonds under the Act;

(B) is in fact independent and not under the domination of the School District or the District;

(C) does not have any substantial interest, direct or indirect, with or in the School District or the District, or any owner of real property in the School District or the District, or any real property in the District; and

(D) is not connected with the District as an officer or employee of the School District, but who may be regularly retained to make reports to the School District or the District.



“Information Service” means the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board, accessible at the [emma.msrb.org](http://emma.msrb.org) website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District may designate in a Written Request delivered to the Fiscal Agent.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing March 1, 2026.

“Moody’s” means Moody’s Investors Service, and any successor thereto.

“Net Special Taxes” means, after the Administrative Expense Requirement is funded to the Administrative Expense Fund under the Fiscal Agent Agreement, the proceeds of the Special Taxes received by the District, including any scheduled payments, interest thereon, collections of any delinquent Special Taxes, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. “Net Special Taxes” does not include any penalties or costs of collecting delinquent Special Taxes collected in connection with delinquent Special Taxes.

“Ordinance” means any ordinance adopted by the legislative body of the District providing for the levy of the Special Taxes.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the District under the Fiscal Agent Agreement or any Supplemental Agreement.

“Owner” means any person who is the registered owner of any Outstanding Bond.

“Permitted Investments” means, subject to applicable law:

(A) Federal Securities.

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

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

(D) Investments 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 under the Fiscal Agent Agreement, which are separate from the fees received from such funds, and (iii) services performed for such funds and under the Fiscal Agent Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

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

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

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

(F) Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P.

“Prior CFD Bonds” means the bonds designated as the Prior CFD Bonds under the Indenture.

“Project” means the portion of the facilities financed with the proceeds of the 2025 CFD Bonds more particularly described in the Resolution of Formation.

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for the District, as approved by the qualified voters of the District.

“Record Date” means the 15th day of the month (whether or not such day is a Business Day) next preceding the month of the applicable Interest Payment Date.

“Reserve Fund” means the Reserve Fund established for the Authority Bonds under the Indenture.

“Reserve Fund Account” means the Reserve Fund Account for each District established in the Reserve Fund under the Indenture.

“Reserve Fund Policy” means the surety bond or insurance policy issued by the Bond Insurer guaranteeing certain payments as provided therein and subject to the limitations set forth therein.

“Resolution of Formation” means the resolution of the Governing Board which established the District.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and any successor thereto.

“School District” means the Menifee Union School District, a union school district organized under the laws of the State of California, and any successor thereto.

“Special Tax Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Special Tax Prepayments” means the proceeds of any Special Tax prepayments received by the District, as calculated pursuant to the Rate and Method of Apportionment for the District, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name within the Bond Fund established by the Fiscal Agent Agreement.

“Special Tax Remainder Account” means the account by that name within the Special Tax Fund established by the Fiscal Agent Agreement.

“Special Taxes” means the special taxes levied within the District under the Act, the Rate and Method of Apportionment, the Ordinance and the Fiscal Agent Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution that has been duly adopted by the legislative body of the District under the Act and which agreement amends or supplements the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

“Tax Consultant” means any independent financial or tax consultant retained by the District for the purpose of computing the Special Taxes.

“2025 CFD Bonds” means the bonds designated as the CFD Bonds under the Indenture.

“Trustee” means Zions Bancorporation, National Association appointed by the Authority and acting as trustee under the Indenture, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

## REDEMPTION

Optional Redemption. The Bonds maturing on or before September 1, 20\_\_, are not subject to optional call and redemption prior to maturity. The Bonds maturing on and after September 1, 20\_\_, are subject to optional call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the District and by lot within a maturity, on any date on or after September 1, 20\_\_, from funds derived by the District from any source, at a redemption price equal to the principal amount of the Bonds to be optionally redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to mandatory call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the District and by lot within a maturity, on any Interest Payment Date, from amounts in the Special Tax Prepayments Account available to redeem Bonds under this Agreement, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Prices
Any Interest Payment Date through 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

## CFD 2003-2 CONVERTIBLE CAPITAL APPRECIATION BONDS

A portion of the Bonds issued by CFD 2003-2 will be issued as Convertible Capital Appreciation Bonds, defined as Bonds which are originally issued as capital appreciation bonds (i.e., bonds the interest

component of which is compounded semiannually on each bond payment date), but which convert to Bonds bearing interest on a current basis on a specified conversion date. Prior to the conversion date, a Convertible Capital Appreciation Bond will be treated as a capital appreciation bond and after the conversion date will be treated as a current interest bond.

#### CERTAIN COVENANTS OF THE DISTRICT

Punctual Payment. The District will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and of all Supplemental Agreements and of the Bonds.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest is extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest that have not been so extended or funded.

Against Encumbrances. The District shall not encumber, pledge or place any charge or lien upon any of the Net Special Taxes or other amounts or funds pledged to the Bonds superior to or on a parity with the pledge and lien created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

Books and Records. The District shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating: (i) to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund; and (ii) to the Net Special Taxes. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent (who shall have no duty to inspect) and the Owners or their representatives duly authorized in writing.

The Fiscal Agent shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions of the Fiscal Agent relating to the expenditure of amounts disbursed from all of the funds held by the Fiscal Agent under this Agreement. Such books of record and accounts shall at all times during business hours be subject to the inspection of the District and the Owners or their representatives duly authorized in writing upon reasonable notice to the Fiscal Agent.

Protection of Security and Rights of Owners. The District shall preserve and protect the security of the Bonds and the rights of the Owners, and shall 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.

Compliance with Law. The District shall comply with all applicable provisions of the Act and law in completing the construction and acquisition of the Project.

Collection of Special Taxes. The District shall comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

On or within 5 Business Days of each June 1, the Fiscal Agent shall provide an Authorized Officer with a notice stating the amount then on deposit in the Bond Fund and the Special Tax Fund, and informing the District of the amount needed to provide for the following: (i) Annual Debt Service, (ii) Administrative Expenses known to the Fiscal Agent, (iii) replenishment (if necessary) of the Reserve Fund Account so that the balance therein equals the District's pro rata share of the Reserve Requirement for the Authority Bonds (as determined under the Indenture), (iv) amounts necessary to discharge any rebate obligation under the Fiscal Agent Agreement, and (v) any amounts necessary to comply with the covenant to reimburse the Bond Insurer under the Fiscal Agent Agreement. The receipt of or failure to receive such notice by an Authorized Officer shall in no way affect the obligations of the Authorized Officer under the following two paragraphs, and the Fiscal Agent shall not be responsible for any inability or failure to provide such notice. Upon receipt of such notice, the Authorized Officer shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

An Authorized Officer shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 10 that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, an Authorized Officer shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(D) An Authorized Officer shall fix and levy the amount of Special Taxes within the District in accordance with the Rate and Method of Apportionment required for the payment of the amounts set forth in subsection (B) above. The Special Taxes so levied shall not exceed the authorized amounts as provided in the Rate and Method of Apportionment and proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Notwithstanding the foregoing, an Authorized Officer may in his or her discretion cause the collection of any Special Taxes by direct, first class mail billing to the then owner of each parcel so owned in lieu of billing for such Special Taxes in the same manner as general taxes as aforesaid. Such direct mail billing shall be made not later than November 1 of the Fiscal Year and shall direct the owner of the property affected to pay the Special Taxes directly to the District in two equal installments, the first of which will be due and delinquent if not paid on December 10 and the second of which may be paid with the first and which, in any event, will be due and delinquent if not paid on April 10 of the Fiscal Year. Any such Special Taxes so billed shall have the same priority and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

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

Tax Covenants. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Authority Bonds to become includable in gross income for federal income tax purposes.

Reduction of Special Taxes. The District shall not conduct or consent to proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District on Developed Property. It is

acknowledged in the Fiscal Agent Agreement that Owners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

Limits on Special Tax Waivers and Bond Tenders. The District covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any 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 Special Taxes to pay the principal of and interest on the Bonds remaining Outstanding following such tender, assuming Special Taxes are levied in the future, as provided under the Fiscal Agent Agreement.

Modifications to the Rate and Method of Apportionment. The District shall not initiate proceedings under the Act to modify the Rate and Method of Apportionment if such modification would adversely affect the security for the Bonds. If an initiative or referendum measure is proposed that purports to modify the Rate and Method of Apportionment in a manner that would adversely affect the security for the Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method of Apportionment in a manner that would adversely affect the security for the Bonds.

## INVESTMENTS

Moneys in any fund or account created or established by the Fiscal Agent Agreement and described in the immediately following paragraph and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to the written direction of an Authorized Officer filed with the Fiscal Agent at least 2 Business Days in advance of the making of such investments. In the absence of any such written direction, the Fiscal Agent shall invest, to the extent reasonably practicable, any such moneys in the Permitted Investment described in paragraph (D) of the definition thereof, and otherwise hold such amounts uninvested.

Except as otherwise provided in the Fiscal Agent Agreement, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code), will be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code will be valued at their present value (within the meaning of section 148 of the Code).

## LIMITED LIABILITY OF THE DISTRICT

The District shall not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly stated in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The District shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The District shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the District may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the District and

conforming to the requirements of the Fiscal Agent Agreement. The District shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement shall require the District or School District to expend or risk its own general funds or otherwise incur any financial liability in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

#### MODIFICATION OR AMENDMENT OF THE FISCAL AGENT AGREEMENT

The Fiscal Agent Agreement and the rights and obligations of the District and of the Owners may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting of the Owners, of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or (iii) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement without the consent of any Owners only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the District in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power reserved to or conferred upon the District in the Fiscal Agent Agreement;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the District in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the District and the Fiscal Agent may deem necessary or desirable, so long as the provisions are not inconsistent with the Fiscal Agent Agreement and do not adversely affect the rights of the Owners;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds; and

(E) to modify, alter or amend the Rate and Method of Apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum annual Special Taxes that may be levied in each year on Developed Property within the District.

#### DISCHARGE OF FISCAL AGENT AGREEMENT

The District has the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money that, together with the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the District determines as confirmed by Bond Counsel or an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the District takes any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof and notice of such redemption has been given as provided in the Fiscal Agent Agreement or the District has made provision for the giving of such notice satisfactory to the Fiscal Agent, then, at the election of the District, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the District under the Fiscal Agent Agreement with respect to such Outstanding Bonds shall cease and terminate. The District shall file notice of such election with the Fiscal Agent. Notwithstanding the foregoing, the District will still be obligated to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Upon compliance by the District with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent that are not required for the purposes of the preceding paragraph shall be paid over to the District and any Special Taxes thereafter received by the District shall not be remitted to the Fiscal Agent but shall be retained by the District to be used for any purpose permitted under the Act.



[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX C

### DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF MENIFEE

*The Bonds are not obligations of the Menifee Union School District (the “School District”), the City of Menifee (the “City”) or the County of Riverside (the “County”) and do not represent a lien or charge against any funds or property of the School District, the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the “State”). Certain information provided in this Appendix C predates the COVID-19 pandemic and such information for more recent fiscal years and calendar years which is not yet available may be materially different from prior years.*

#### General

The City is located approximately 80 miles southeast of Los Angeles in the southwestern portion of Riverside County. The City was incorporated on October 1, 2008 as a general law City. As of January 1, 2024, the City had approximately 111,560 residents and covers an area of over 46 square miles.

#### Population

The following table offers population figures for the City, the County and the State for 2020 through 2024.

<i>Area</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
City of Menifee	97,094	104,230	107,120	109,401	111,560
County of Riverside	2,440,719	2,419,165	2,427,832	2,428,580	2,442,378
State of California	39,648,938	39,327,868	39,114,785	39,061,058	39,128,162

Source: California State Department of Finance, Demographic Research Unit. 2011-2020 with 2010 Benchmark, 2021-2024 with 2020 Census Benchmark

## Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2019 through 2023.

### BUILDING PERMIT VALUATIONS

#### City of Menifee

2019-2023

(Dollars in Thousands)

	2019	2020	2021	2022	2023
Valuation (\$000):					
Residential	\$343,285	\$448,581	\$391,923	\$295,989	\$525,602
Non-residential	<u>1,150</u>	<u>94,195</u>	<u>39,831</u>	<u>27,092</u>	<u>93,407</u>
Total*	\$344,435	\$542,776	\$431,754	\$323,081	\$619,009
Residential Units:					
Single family	922	1,457	1,256	796	1,384
Multiple family	<u>330</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
Total	1,252	1,457	1,256	796	1,414

\* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

### BUILDING PERMIT VALUATIONS

#### County of Riverside

2019-2023

(Dollars in Thousands)

	2019	2020	2021	2022	2023
Residential	\$2,275,405	\$3,071,183	\$2,262,642	\$2,921,113	\$ 3,306,086
Non-residential	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>	<u>1,676,498</u>
Total*	<u>\$3,561,261</u>	<u>\$4,224,961</u>	<u>\$3,806,640</u>	<u>\$4,622,731</u>	<u>\$4,982,584</u>
Residential Units:					
Single family	6,563	8,443	7,360	8,863	8,894
Multiple family	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>
Total	8,361	9,166	8,486	11,724	15,322

\* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

## Employment

The following tables show the largest employers located in the City and County as of June 30, 2024.

### LARGEST EMPLOYERS

#### City of Menifee (as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Mt. San Jacinto College District	1,604	School District
2.	Menifee Union School District	1,505	School District
3.	Romoland Elementary School District	793	School District
4.	Menifee Global Medical Center	362	Medical Center
5.	Stater Brothers	348	Supermarket
6.	City of Menifee	345	City Government
7.	United Parcel Service (UPS)	232	Postal Delivery Service
8.	Southern California Edison	189	Community Services
9.	Texas Roadhouse	188	Casual Dining
10.	Olive Garden	140	Casual Dining

Source: City of Menifee Annual Comprehensive Financial Report for the year ending June 30, 2024.

### LARGEST EMPLOYERS

#### County of Riverside (as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	23,772	County Government
2.	Amazon	14,317	Online Retail
3.	University of California, Riverside	8,593	University
4.	State of California	8,398	State Government
5.	Wal-Mart	6,456	Retail Store
6.	Moreno Valley Unified School District	6,020	School District
7.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
8.	Riverside Unified School District	5,431	School District
9.	Stater Brothers Market	4,990	Supermarket
10.	Mt. San Jacinto Community College District	4,638	Community College District

Source: County of Riverside Annual Comprehensive Financial Report for the year ending June 30, 2024.

## Employment and Industry

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

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

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

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Civilian Labor Force	2,071,600	2,091,700	2,102,600	2,148,700	2,171,500
Civilian Employment	1,987,500	1,885,400	1,964,300	2,058,400	2,068,800
Civilian Unemployment	84,000	206,200	156,300	90,200	102,700
Civilian Unemployment Rate	4.1%	9.9%	7.4%	4.2%	4.7%
 Total Farm	 15,400	 14,100	 13,700	 13,800	 13,100
Total Nonfarm	1,552,700	1,495,800	1,575,100	1,659,800	1,679,800
Total Private	1,291,500	1,247,800	1,333,100	1,409,800	1,418,900
Goods Producing	209,700	202,200	207,700	216,300	216,100
Mining and Logging	1,200	1,300	1,400	1,500	1,500
Construction	107,200	104,900	110,100	114,700	115,700
Manufacturing	101,300	96,000	96,100	100,000	98,900
Service Providing	1,343,000	1,293,700	1,367,400	1,443,500	1,463,700
Trade, Transportation and Utilities	395,100	406,900	443,200	464,900	456,500
Wholesale Trade	67,700	65,600	67,400	69,500	68,700
Retail Trade	180,700	168,800	177,000	181,000	182,700
Transportation, Warehousing and Utilities	146,600	172,500	198,800	214,400	205,100
Information	14,100	12,400	12,500	13,000	13,300
Financial Activities	45,000	44,100	45,200	46,000	44,900
Professional and Business Services	155,300	152,100	166,600	173,900	164,800
Educational and Health Services	250,300	248,800	254,300	267,500	287,500
Leisure and Hospitality	175,900	141,300	160,200	180,900	186,500
Other Services	46,200	40,200	43,600	47,400	21,500
Government	<u>261,200</u>	<u>248,000</u>	<u>242,000</u>	<u>250,000</u>	<u>260,900</u>
Total, All Industries	1,568,100	1,509,900	1,588,800	1,673,500	1,692,900

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

Source: State of California, Employment Development Department, March 2023 Benchmark.

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

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

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment<sup>(1)</sup></i>	<i>Unemployment<sup>(2)</sup></i>	<i>Unemployment Rate (%)<sup>(3)</sup></i>
<b>2019</b>				
City of Menifee	40,200	38,600	1,600	4.0%
County of Riverside	1,106,200	1,059,500	46,700	4.2
State of California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
<b>2020</b>				
City of Menifee	41,700	37,500	4,200	10.1%
County of Riverside	1,118,900	1,006,200	112,700	10.1
State of California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
<b>2021</b>				
City of Menifee	42,200	39,100	3,200	7.5%
County of Riverside	1,130,500	1,047,700	82,800	7.3
State of California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<b>2022</b>				
City of Menifee	42,700	40,900	1,800	4.3%
County of Riverside	1,145,700	1,097,200	48,500	4.2
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
<b>2023</b>				
City of Menifee	43,200	41,100	2,200	5.0%
County of Riverside	1,157,900	1,102,300	55,600	4.8
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

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

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

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

## Personal Income

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

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

Total personal income in Riverside County increased by 82% between 2012 and 2023. The following tables summarize personal income for Riverside County for 2012 through 2023.

**PERSONAL INCOME**  
**Riverside County**  
**2012-2023**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2012	\$ 73,771,301	--%
2013	76,069,949	3.12
2014	79,630,223	4.68
2015	84,597,340	6.24
2016	88,997,439	5.20
2017	92,451,456	3.88
2018	96,994,918	4.91
2019	103,647,288	6.86
2020	115,370,344	11.31
2021	126,493,256	9.64
2022	126,174,731	(0.25)
2023	133,968,557	6.18

---

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2012-2023. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**PER CAPITA PERSONAL INCOME**  
**Riverside County, State of California and the United States**  
**2012-2023**

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2012	\$32,850	\$47,793	\$44,238
2013	33,595	48,074	44,402
2014	34,822	50,617	46,289
2015	36,631	53,816	48,062
2016	38,092	55,862	48,974
2017	39,100	58,214	51,006
2018	40,619	60,984	53,311
2019	43,122	64,219	55,561
2020	47,615	70,098	59,123
2021	51,558	76,882	64,460
2022	50,995	76,941	66,244
2023	53,750	81,255	69,810

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

**Taxable Sales**

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

**TAXABLE SALES**  
**City of Menifee**  
**2019-2023**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	1,568	\$ 776,545
2020	1,726	752,610
2021	1,756	974,142
2022	1,915	1,073,446
2023	2,027	1,455,766

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



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

**TAXABLE SALES**  
**County of Riverside**  
**2018-2023**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	64,063	\$40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,331,274

---

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

**APPENDIX D**

**RATES AND METHODS OF APPORTIONMENT  
OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS**

Rate and Method of Apportionment for Community Facilities District No. 2002-4 of Menifee Union School District .....	D-2
Rate and Method of Apportionment for Community Facilities District No. 2002-5 of Menifee Union School District .....	D-11
Rate and Method of Apportionment for Community Facilities District No. 2003-1 of Menifee Union School District .....	D-18
Rate and Method of Apportionment for Improvement Area A of Community Facilities District No. 2003-2 of Menifee Union School District.....	D-27
Rate and Method of Apportionment for Community Facilities District No. 2003-4 of Menifee Union School District .....	D-37
Rate and Method of Apportionment for Community Facilities District No. 2004-2 of Menifee Union School District .....	D-44
Rate and Method of Apportionment for Community Facilities District No. 2004-3 of Menifee Union School District .....	D-51
Rate and Method of Apportionment for Community Facilities District No. 2004-4 of Menifee Union School District .....	D-59
Rate and Method of Apportionment for Community Facilities District No. 2004-5 of Menifee Union School District .....	D-66
Rate and Method of Apportionment for Community Facilities District No. 2005-2 of Menifee Union School District .....	D-73

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2002-4  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2002-4. An Annual Special Tax shall be levied on and collected in CFD No. 2002-4 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2002-4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2002-4 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2002-4, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2002-4.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2002-4.

**"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.

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

**"Bisected Lot"** means any Lot that is not completely contained within the boundaries of the School District.

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of CFD No. 2002-4.

**"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, which obligation may be incurred by CFD No. 2002-4 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

**“Conservation Area”** means any Assessor’s Parcel within CFD No. 2002-4 that shall be entirely deeded as a conservation area as required by the United States Fish and Wildlife Service.

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2002-4 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2002-4, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Proportionately”** means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor’s Parcels.

“**Special Tax**” means any of the special taxes authorized to be levied by CFD No. 2002-4 pursuant to the Act.

“**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.

“**Unit**” means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2003-04, each Assessor’s Parcel within CFD No. 2002-4 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

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

### **1.     Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor’s Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 1,650 BSF	\$664.18 per Unit
1,651 – 1,950 BSF	\$761.81 per Unit
1,951 – 2,250 BSF	\$781.33 per Unit
2,251 – 2,550 BSF	\$976.58 per Unit
>2,550 BSF	\$1,061.18 per Unit

## **2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$3,704.01 per acre of Acreage.

### **SECTION E BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

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

Commencing Fiscal Year 2003-04 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

## **SECTION G**

### **PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel, may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Prepayment Times and Conditions**

##### **a. Undeveloped Property**

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

##### **b. Developed Property**

In any Fiscal Year, following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2.

#### **2. Prepayment Amount**

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

##### **a. Prior to Issuance of Bonds**

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of Bonds shall be determined by reference to Table 2.

**TABLE 2**

<b><i>PREPAYMENT AMOUNT</i></b>	
<b>Building Square Feet</b>	<b>Prepayment Amount</b>
< 1,650 BSF	\$4,339.50 per Unit
1,651 – 1,950 BSF	\$5,128.50 per Unit
1,951 – 2,250 BSF	\$5,917.50 per Unit
2,251 – 2,550 BSF	\$6,706.50 per Unit
>2,550 BSF	\$7,232.50 per Unit

**b. Subsequent to Issuance of Bonds**

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.b. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.



8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."

9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2002-4 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board.

## **SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

## **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount  
P<sub>G</sub> = the Prepayment Amount calculated according to Section G  
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2002-4 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.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable 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.

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2038-39.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Bisected Lots, (ii) Assessor's Parcels owned by the State of California, Federal or other local governments, (iii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iv) Assessor's Parcels used exclusively by a homeowners' association, (v) Assessor's Parcels designated as a Conservation Area (vi) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (vii) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (viii) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 49.89 acres of Acreage. Notwithstanding the above, the 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 49.89 acres of 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 49.89 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2002-4 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).

## **SECTION L 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, provided, however, that CFD No. 2002-4 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2002-5  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Menifee Union School District ("School District") in Community Facilities District ("CFD") No. 2002-5. An Annual Special Tax shall be levied on and collected in CFD No. 2002-5 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2002-5, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded parcel map at the County.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2002-5 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2002-5, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2002-5.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2002-5.

**"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.

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

**"Board"** means the Governing Board of Menifee Union School District or its designee as the legislative body of CFD No. 2002-5.

**"Bond Index"** means the national Bond Buyer Revenue Bond 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 S&P's A-plus, as reasonably determined by the Board.

**“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, which obligation may be incurred by CFD No. 2002-5 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2002-5. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the Office of the Recorder of the County.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax determined in accordance with Section C that can be levied by CFD No. 2002-5 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual Special Tax Requirement”** means the amount required in any Fiscal Year to pay: (i) the annual debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2002-5, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay annual debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor’s Parcel described in Section H.

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel described in Section G.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Present Value of Taxes”** means the present value of any Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the District for CFD No. 2002-5, plus the expected Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) 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 Maximum Special Tax is equal for all applicable Assessor’s Parcels.

**“Reserve Fund Credit”** shall be calculated as a reduction in the reserve fund for the Bonds proportional to the principal amount of Bonds to be redeemed pursuant to the prepayment. Notwithstanding the foregoing, if a surety bond or other instrument satisfies the reserve requirement at the time of the prepayment, then no Reserve Fund Credit shall be given.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2002-5 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**“Yield On The Bonds”** means the arbitrage yield for the last series of Bonds issued.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor’s Parcel within CFD No. 2002-5 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 1,850 BSF	\$1,338.00 per Unit
1,850 – 2,100 BSF	\$1,402.00 per Unit
2,101 – 2,300 BSF	\$1,502.00 per Unit
2,301 – 2,450 BSF	\$1,539.00 per Unit
2,451 – 2,650 BSF	\$1,636.00 per Unit
2,651 – 2,800 BSF	\$1,739.00 per Unit
> 2,800 BSF	\$1,933.00 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$13,530.02 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.

3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

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

Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

**Step One:** The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

**Step Two:** If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

**Step Three:** If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

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

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2002-5 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined



by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected for all Assessor's Parcels prior to the issuance of the first Building Permit with respect to such Final Map.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2002-5 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 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 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.

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 36.48 acres of Acreage. Notwithstanding the above, the 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 36.48 acres of 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 36.48 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2002-5 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).

## **SECTION L 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, provided, however, that CFD No. 2002-5 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2003-1  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Menifee Union School District ("School District") in Community Facilities District ("CFD") No. 2003-1. An Annual Special Tax shall be levied on and collected in CFD No. 2003-1 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2003-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2003-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2003-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2003-1.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2003-1.

**"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.

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

**"Board"** means the Governing Board of Menifee Union School District or its designee as the legislative body of CFD No. 2003-1.

**"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, which obligation may be incurred by CFD No. 2003-1 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2003-1 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2003-1, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Proportionately”** means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor’s Parcels.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2003-1 pursuant to the Act.

**“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.

“Unit” means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2003-04, each Assessor’s Parcel within CFD No. 2003-1 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2. Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

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

### **1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor’s Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,200 BSF	\$1,409.33 per Unit
2,201 – 2,600 BSF	\$1,717.40 per Unit
2,601 – 2,900 BSF	\$1,905.97 per Unit
> 2,900 BSF	\$2,000.25 per Unit

### **2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor’s Parcel classified as Undeveloped Property shall be \$9,629.71 per acre of Acreage.

**SECTION E**  
**BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

**SECTION F**  
**METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2003-04 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

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

The Annual Special Tax obligation of an Assessor's Parcel, may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

**1. Prepayment Times and Conditions**

**a. Undeveloped Property**

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

**b. Developed Property**

In any Fiscal Year, following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2.

**2. Prepayment Amount**

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below. The Board shall determine whether all Bonds for CFD No. 2003-1 have been issued.

**a. Prior to Issuance of All Bonds**

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of all Bonds shall be determined by reference to Table 2.

**TABLE 2**

<b><i>PREPAYMENT AMOUNT</i></b>	
<b>Building Square Feet</b>	<b>Prepayment Amount</b>
< 2,200 BSF	\$11,994.44 per Unit
2,201 – 2,600 BSF	\$13,086.21 per Unit
2,601 – 2,900 BSF	\$13,754.45 per Unit
> 2,900 BSF	\$14,288.57 per Unit

**b. Subsequent to Issuance of All Bonds**

Subsequent to the issuance of all Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.b. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."



10. Calculate the “Reserve Fund Credit” as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2003-1 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such Annual Special Taxes shall cease.

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

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor’s Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor’s Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor’s Parcel.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor’s Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2003-1 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 for the Assessor's Parcels 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 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.

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2036-37.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 21.13 acres of Acreage. Notwithstanding the above, the 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 21.13 acres of 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 21.13 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2003-1 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).

**SECTION L**  
**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, provided, however, that CFD No. 2003-1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA A OF  
COMMUNITY FACILITIES DISTRICT NO. 2003-2  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes by Improvement Area ("IA") A of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2003-2. An Annual Special Tax shall be levied on and collected from property within IA A of CFD No. 2003-2 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in IA A CFD No. 2003-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage" or "Acres"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map recorded with the County.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of IA A of CFD No. 2003-2 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including the reasonable expenses of collecting delinquencies, the administration of Bonds, the pro-rata payment of salaries and benefits of any School District employee whose duties are directly related to the administration of IA A of CFD No. 2003-2 and reasonable costs otherwise incurred in order to carry out the authorized purposes of IA A of CFD No. 2003-2.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of IA A of CFD No. 2003-2.

**"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" or "APN"** 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.

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

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of IA A of CFD No. 2003-2.

**"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, which obligation may be incurred by IA A of CFD No. 2003-2 or the School District.

**“Bond Index”** means the national Bond Buyer Revenue Bond 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 S&P’s A-plus, as reasonably determined by the Board.

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

**“Building Permit”** means a permit for the construction of one or more Units issued by the County for the construction of Units within the County, or another public agency in the event the County no longer issues permits for the construction of Units within IA A of CFD No. 2003-2. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Building Square Footage” or “BSF”** means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the County.

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

**“Commercial/Industrial Property”** means Lot 1002 of Tentative Tract Map 30422 comprising commercial/industrial property within CFD No. 2003-2 as depicted in Exhibit A.

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section K.

**“Final Subdivision Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder. For condominiums, a final tract map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 1352 creating such individual lots or parcels.

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

**“Homeowner”** means any owner of a completed Unit constructed and sold within IA A of CFD No. 2003-2.

**“Lot”** means an individual legal lot created by a Final Subdivision Map for which a Building Permit for residential construction has been or could be issued. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Subdivision Map upon which condominium units are entitled to be developed but for which a condominium plan has not been recorded, the number of Lots allocable to such legal

lot for purposes of calculating the Backup Special Tax applicable to such Final Subdivision Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Subdivision Map.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by IA A of CFD No. 2003-2 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of IA A of CFD No. 2003-2, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) 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 Minimum Annual Special Tax Requirement the Board shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

**“Minimum Net Taxable Acreage”** means the applicable Acreage of Taxable Property as listed in Table 2 in Section K.

**“Park Site”** means Lot 995 of Tentative Tract Map 30422 designated as comprising the community park and open space within CFD No. 2003-2 as depicted in Exhibit A.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor’s Parcel, as described in Section I.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section H.

**“Present Value of Taxes”** means for any Assessor’s Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year and (ii) the Annual Special Taxes expected to be levied on such Assessor’s Parcel in each remaining Fiscal Year, as determined by the Board, until the termination date specified in Section J. The discount rate used for this calculation shall be equal to the (i) Bond Yield after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** if any, means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is under-funded at the time of the prepayment, no Reserve Fund Credit shall be given.

**“School District”** means Menifee Union School District.

**“School Site”** means Lot 994 of Tentative Tract Map 30422 designated as comprising the elementary school site within CFD No. 2003-2 as depicted in Exhibit A. In the event School District and Owner mutually agree

to an alternative location or School District does not purchase the School Site, Lot 994 shall not be classified as a School Site.

**“Senior Unit”** means a Unit within a property developed for housing of senior citizens as described in Civil Code Section 51.3 as such section may be amended from time to time and further provided that the residency of any such Unit is limited to persons 55 years of age or older.

**“Special Tax”** means any of the special taxes authorized to be levied by IA A of CFD No. 2003-2 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2006-07, each Assessor’s Parcel within IA A of CFD No. 2003-2 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Each Assessor’s Parcel of Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration the Minimum Net Taxable Acreage as determined pursuant to Section K.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax for a given Final Subdivision Map.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

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

### **1.     Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor’s Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
DEVELOPED PROPERTY**

<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 1,870 BSF	\$817.10 per Unit
1,871 – 2,100 BSF	\$856.28 per Unit
2,101 – 2,300 BSF	\$915.08 per Unit
2,301 – 2,500 BSF	\$959.18 per Unit
2,501 – 2,700 BSF	\$1,027.78 per Unit
2,701 – 2,900 BSF	\$1,106.16 per Unit
2,901 – 3,100 BSF	\$1,174.76 per Unit
3,101 – 3,250 BSF	\$1,262.94 per Unit
3,251 – 3,500 BSF	\$1,356.04 per Unit
3,501 – 3,700 BSF	\$1,439.32 per Unit
3,701 – 3,900 BSF	\$1,552.02 per Unit
> 3,900 BSF	\$1,581.42 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$7,934.85 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Subdivision Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{(U \times A)}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Subdivision Map, as determined by the Board pursuant to Section K
L	=	Lots in the Final Subdivision Map

Notwithstanding the foregoing, if all or any portion of the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Subdivision Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified area in the Final Subdivision Map prior to the change or modification.



2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified area in the Final Subdivision Map, as reasonably determined by the Board.

3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map. The Backup Annual Special Tax for an Assessor's Parcel of Developed Property in a Final Subdivision Map that is not changed or modified shall not be recalculated.

#### **SECTION F EXCESS ASSIGNED ANNUAL SPECIAL TAX FROM DEVELOPED PROPERTY**

At the end of any Fiscal Year, when proceeds of Assigned Annual Special Tax for Developed Property are greater than the Minimum Annual Special Tax Requirement then such amount shall be paid to the School District. The proceeds shall be used for acquisition, construction or financing school facilities as determined by the School District in accordance with the Act and other applicable law.

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

Commencing Fiscal Year 2006-07 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property (whose Maximum Special Tax is derived by application of the Backup Annual Special Tax), up to the Maximum Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.

## **SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide IA A of CFD No. 2003-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

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

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of IA A of CFD No. 2003-2 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

## **SECTION I PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map to a Homeowner, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map to a Homeowner such Final Subdivision Map.

## **2. Partial Prepayment Amount**

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

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount  
P<sub>H</sub> = the Prepayment Amount for the Assessor's Parcels to be prepaid calculated according to Section H  
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of IA A of CFD No. 2003-2 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 for the Assessor's Parcels have 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 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 Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after the last series of Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2050-51.

## **SECTION K EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, (vi) any Assessor's Parcels classified as a Senior Unit, (vii) any Assessor's Parcels classified as Commercial/Industrial Property, (viii) any Assessor's Parcels classified as a School Site, (ix) any Assessor's Parcels classified as a Park Site, and (x) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than the Minimum Net Taxable Acreage as shown in Table 2. Notwithstanding the above, the 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 Net 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 Net Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **TABLE 2**

### **MINIMUM NET TAXABLE ACREAGE**

<b>Acreage</b>
104.29

## **SECTION L CLAIMS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim 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 any 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. A representative(s) of IA A of CFD No. 2003-2 ("Representative") shall promptly review the claim, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the claim. The decisions of the Representative(s) shall be final and binding. 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) as the representative's decisions shall indicate.

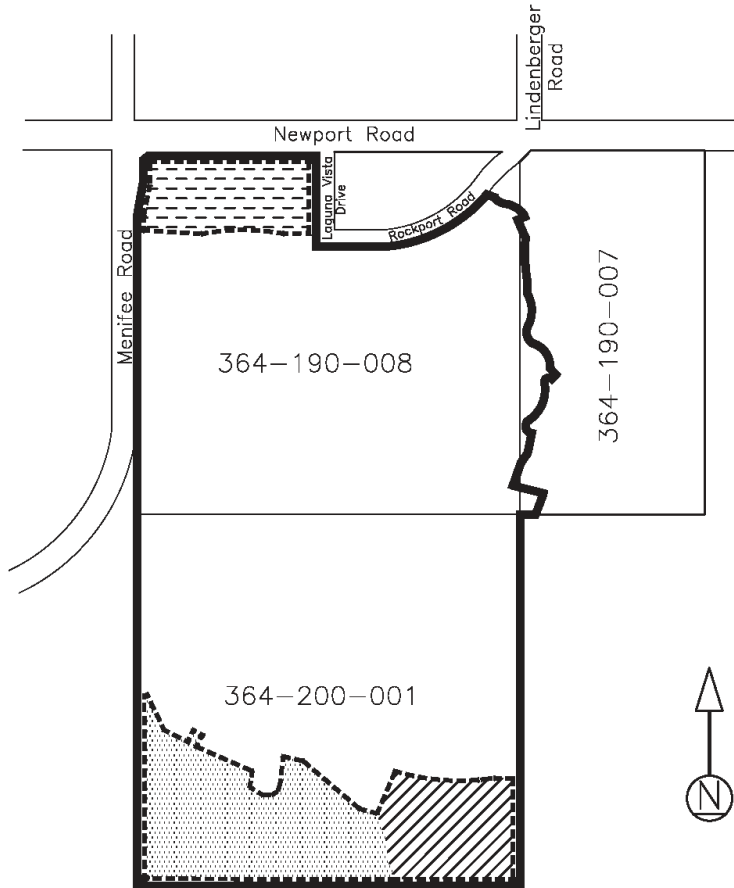
## **SECTION M MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA A of CFD No. 2003-2 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

## **EXHIBIT A EXEMPT PROPERTIES OF IMPROVEMENT AREA A OF CFD NO. 2003-2 (SEE ATTACHED)**

SHEET 1 OF 1

**EXHIBIT A**  
**MENIFEE UNION SCHOOL DISTRICT**  
**EXEMPT PROPERTIES OF IMPROVEMENT AREA A OF**  
**COMMUNITY FACILITIES DISTRICT NO. 2003-2**  
**RIVERSIDE COUNTY**  
**STATE OF CALIFORNIA**



**LEGEND**

	Boundaries of Improvement Area A of Community Facilities District No. 2003-2
	Assessor Parcel Boundaries
	Exemption Area
	Assessor Parcel Number
	Commercial/Industrial Property
	School Site
	Park Site

PREPARED BY  
DAVID TAUSSIG & ASSOCIATES, INC.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2003-4  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Menifee Union School District ("School District") in Community Facilities District ("CFD") No. 2003-4. An Annual Special Tax shall be levied on and collected in CFD No. 2003-4 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2003-4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2003-4 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2003-4, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2003-4.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2003-4.

**"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.

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

**"Board"** means the Governing Board of Menifee Union School District or its designee as the legislative body of CFD No. 2003-4.

**"Bond Index"** means the national Bond Buyer Revenue Bond 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 S&P's A-plus, as reasonably determined by the Board.

**“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, which obligation may be incurred by CFD No. 2003-4 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2003-4. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2003-4 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2003-4, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Present Value of Taxes”** means the present value of any Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the District for CFD No. 2003-4, plus the expected Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond of other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2003-4 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**“Yield On The Bonds”** means the arbitrage yield for the last series of Bonds issued.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor’s Parcel within CFD No. 2003-4 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor’s Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit as listed on the Building Permit(s) issued for each Assessor’s Parcel.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.



**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<i><b>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</b></i>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,700 BSF	\$882.54 per Unit
2,701 – 2,900 BSF	\$903.16 per Unit
2,901 – 3,100 BSF	\$923.78 per Unit
3,101 – 3,300 BSF	\$1,022.80 per Unit
>3,300 BSF	\$1,055.80 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$5,954.19 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
- L = Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.

3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied..

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

Commencing Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

**Step One:** The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

**Step Two:** If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

**Step Three:** If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

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

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2003-4 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined

by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2003-4 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 for the Assessor's Parcels have 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 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.

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 37.10 acres of Acreage. Notwithstanding the above, the 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 37.10 acres of 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 37.10 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K CLAIMS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim 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 any 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. A representative(s) of CFD No. 2003-4 ("Representative") shall promptly review the claim, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the claim. The decisions of the Representative(s) shall be final and binding. 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) as the representative's decisions shall indicate.

## **SECTION L 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, provided, however, that CFD No. 2003-4 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2004-2  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2004-2. An Annual Special Tax shall be levied on and collected in CFD No. 2004-2 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2004-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2004-2 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2004-2, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-2.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2004-2.

**"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.

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

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of CFD No. 2004-2.

**"Bond Index"** means the national Bond Buyer Revenue Bond 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 S&P's A-plus, as reasonably determined by the Board.

**“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, which obligation may be incurred by CFD No. 2004-2 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2004-2. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2004-2 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2004-2, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Present Value of Taxes”** means the present value of any Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the District for CFD No. 2004-2, plus the expected Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond of other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2004-2 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**“Yield On The Bonds”** means the arbitrage yield for the last series of Bonds issued.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor’s Parcel within CFD No. 2004-2 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor’s Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit as listed on the Building Permit(s) issued for each Assessor’s Parcel.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 3,000 BSF	\$2,365.24 per Unit
3,000 – 3,300 BSF	\$2,550.04 per Unit
> 3,300 BSF	\$2,623.94 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$14,969.68 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	= Backup Annual Special Tax per Lot in each Fiscal Year
U	= Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	= Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
L	= Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.



3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied..

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

Commencing Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

**Step One:** The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

**Step Two:** If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

**Step Three:** If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

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

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2004-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

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

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2004-2 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 for the Assessor's Parcels have 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 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.

## **SECTION I**

### **TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 24.52 acres of Acreage. Notwithstanding the above, the 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 24.52 acres of 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 24.52 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2004-2 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).

## **SECTION L 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, provided, however, that CFD No. 2004-2 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2004-3  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2004-3. An Annual Special Tax shall be levied on and collected in CFD No. 2004-3 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2004-3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2004-3 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2004-3, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-3.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2004-3.

**"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.

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

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of CFD No. 2004-3.

**"Bond Index"** means the national Bond Buyer Revenue Bond 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 S&P's A-plus, as reasonably determined by the Board.

**“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, which obligation may be incurred by CFD No. 2004-3 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2004-3. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2004-3 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2004-3, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

**“Minimum Taxable Acreage”** means, for all Zones, the applicable Acreage listed in Table 4 in Section J.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Present Value of Taxes”** means the present value of any Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the District for CFD No. 2004-3, plus the expected Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond of other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2004-3 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**“Yield On The Bonds”** means the arbitrage yield for the last series of Bonds issued.

**“Zone”** means the areas identified as a Zone in Exhibit A to this Rate and Method of Apportionment.

**“Zone 1”** means all property located within the area identified as Zone 1 in Exhibit A to this Rate and Method of Apportionment, subject to interpretation by the Board as described in Section B.

**“Zone 2”** means all property located within the area identified as Zone 2 in Exhibit A to this Rate and Method of Apportionment, subject to interpretation by the Board as described in Section B.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2004-05, (i) each Assessor’s Parcel within CFD No. 2004-3 shall be assigned to a Zone in accordance with Exhibit A at the reasonable discretion of the Board; (ii) each Assessor’s Parcel within a Zone of CFD No. 2004-3 shall be classified as Taxable Property or Exempt Property; and (iii) each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Taxable Property assigned to a Zone shall take into consideration the Minimum Taxable Acreage of each Zone.

**SECTION C**  
**MAXIMUM SPECIAL TAXES**

**1.     Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property in a given Zone for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax for such Zone.

**2.     Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property in a given Zone for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax for such Zone.

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

**1.     Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be determined by reference to Tables 1 and 2 according to the Zone in which the Assessor's Parcel is located and the Building Square Footage of the Unit.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY IN ZONE 1</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,500 BSF	\$1,728.80 per Unit
2,500 – 3,000 BSF	\$1,896.09 per Unit
3,001 – 3,400 BSF	\$2,130.28 per Unit
3,401 – 3,600 BSF	\$2,297.56 per Unit
> 3,600 BSF	\$2,364.48 per Unit

**TABLE 2**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY IN ZONE 2</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 3,100 BSF	\$2,032.30 per Unit
3,100 – 3,400 BSF	\$2,071.90 per Unit
3,401 – 3,700 BSF	\$2,222.41 per Unit
3,701 – 4,000 BSF	\$2,380.83 per Unit
4,001 – 4,300 BSF	\$2,499.65 per Unit
> 4,300 BSF	\$2,927.40 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be determined by reference to Table 3.

**TABLE 3**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR UNDEVELOPED PROPERTY</i></b>	
<b>Zone</b>	<b>Assigned Annual Special Tax</b>
Zone 1	\$9,801.72 per acre of Acreage
Zone 2	\$11,329.36 per acre of Acreage

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property in a given Zone shall be subject to a Backup Annual Special Tax. In each Fiscal Year, the Backup Annual Special Tax rate for Developed Property shall be the rate per Lot calculated according to the following formula:

$$B = \frac{(Z \times A)}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
Z	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property for the applicable Zone
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.



**SECTION F**  
**METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in Zone 1 or Zone 2 in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property in Zone 1 or Zone 2 in an amount up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property in Zone 1 or Zone 2 whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement in both Zone 1 and Zone 2.

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

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2004-3 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

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

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2004-3 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 for the Assessor's Parcels have 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 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.

## **SECTION I**

### **TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property in a given Zone to less than the Minimum Taxable Acreage as shown in Table 4. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property in a given Zone 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 in a given Zone will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**TABLE 4**

<b>Zone</b>	<b>Minimum Taxable Acreage</b>
Zone 1	20.62 acres of Acreage
Zone 2	12.43 acres of Acreage

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2004-3 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).

## **SECTION L 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, provided, however, that CFD No. 2004-3 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

## **EXHIBIT A ZONE MAP OF CFD NO. 2004-3 (SEE ATTACHMENT)**

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2004-4  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2004-4. An Annual Special Tax shall be levied on and collected in CFD No. 2004-4 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2004-4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2004-4 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2004-4, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-4.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2004-4.

**"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.

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

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of CFD No. 2004-4.

**"Bond Index"** means the national Bond Buyer Revenue Bond 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 S&P's A-plus, as reasonably determined by the Board.

**“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, which obligation may be incurred by CFD No. 2004-4 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2004-4. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2004-4 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2004-4, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Present Value of Taxes”** means the present value of any Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the District for CFD No. 2004-4, plus the expected Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond of other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2004-4 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**“Yield On The Bonds”** means the arbitrage yield for the last series of Bonds issued.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor’s Parcel within CFD No. 2004-4 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor’s Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit as listed on the Building Permit(s) issued for each Assessor’s Parcel.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<b><i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i></b>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,500 BSF	\$1,822.98 per Unit
2,500 – 2,700 BSF	\$1,921.58 per Unit
2,701 – 3,000 BSF	\$2,041.26 per Unit
3,001 – 3,300 BSF	\$2,187.54 per Unit
> 3,300 BSF	\$2,307.22 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$13,066.78 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board
pursuant to Section J		
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.

3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

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

Commencing Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

**Step One:** The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

**Step Two:** If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

**Step Three:** If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Backup Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

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

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2004-4 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined



by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2004-4 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 for the Assessor's Parcels have 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 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.

## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2038-39.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels owned or used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 16.47 acres of Acreage. Notwithstanding the above, the 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 16.47 acres of 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 16.47 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2004-4 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).

## **SECTION L 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, provided, however, that CFD No. 2004-4 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2004-5  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2004-5. An Annual Special Tax shall be levied on and collected in CFD No. 2004-5 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2004-5, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2004-5 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2004-5, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-5.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2004-5.

**"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.

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

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of CFD No. 2004-5.

**"Bond Index"** means the national Bond Buyer Revenue Bond 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 S&P's A-plus, as reasonably determined by the Board.

**“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, which obligation may be incurred by CFD No. 2004-5 or the School District.

**“Building Permit”** means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2004-5. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“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, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section J.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2004-5 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2004-5, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

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

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Present Value of Taxes”** means the present value of any Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the District for CFD No. 2004-5, plus the expected Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond of other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2004-5 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**“Yield On The Bonds”** means the arbitrage yield for the last series of Bonds issued.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor’s Parcel within CFD No. 2004-5 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor’s Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit as listed on the Building Permit(s) issued for each Assessor’s Parcel.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1.     Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

### **2.     Undeveloped Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

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

**1.     Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<i><b>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</b></i>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,600 BSF	\$1,863.32 per Unit
2,600 – 3,000 BSF	\$1,993.74 per Unit
3,001 – 3,300 BSF	\$2,058.94 per Unit
3,301 – 3,600 BSF	\$2,124.14 per Unit
> 3,600 BSF	\$2,182.82 per Unit

**2.     Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$12,524.00 per acre of Acreage.

**SECTION E**  
**BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board
pursuant to Section J		
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.

3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied..

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

Commencing Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

**Step One:** The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

**Step Two:** If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

**Step Three:** If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

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

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2004-5 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined

by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2004-5 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 for the Assessor's Parcels have 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 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.



## **SECTION I TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2038-39.

## **SECTION J EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 29.16 acres of Acreage. Notwithstanding the above, the 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 29.16 acres of 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 29.16 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2004-5 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).

## **SECTION L 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, provided, however, that CFD No. 2004-5 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2005-2  
OF MENIFEE UNION SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Meniffee Union School District ("School District") in Community Facilities District ("CFD") No. 2005-2. An Annual Special Tax shall be levied on and collected in CFD No. 2005-2 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2005-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acreage" or "Acres"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map recorded with the County.

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

**"Administrative Expenses"** means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2005-2 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the reasonable expenses of collecting delinquencies, the administration of Bonds, the pro-rata payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2005-2 and reasonable costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2005-2.

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

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2005-2.

**"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" or "APN"** 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.

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

**"Board"** means the Governing Board of Meniffee Union School District or its designee as the legislative body of CFD No. 2005-2.

**"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, which obligation may be incurred by CFD No. 2005-2 or the School District.

**“Bond Index”** means the national Bond Buyer Revenue Bond 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 S&P’s A-plus, as reasonably determined by the Board.

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

**“Building Permit”** means a permit for the construction of one or more Units issued by the County for the construction of Units within the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2005-2. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Building Square Footage”** or **“BSF”** means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the County.

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

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

**“Developed Property”** means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes in Section K.

**“Final Map”** means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

**“Homeowner”** means any owner of a completed Unit constructed and sold within CFD No. 2005-2.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2005-2 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Annual 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 of CFD No. 2005-2, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) 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 Minimum Annual Special Tax Requirement the Board shall take into account the reasonably

anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

**“Net Taxable Acreage”** means the total Acreage of all Taxable Property expected to exist in CFD No. 2005-2 after all Final Maps are recorded.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor’s Parcel, as described in Section I.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Prepayment Amount”** means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel, as described in Section H.

**“Present Value of Taxes”** means for any Assessor’s Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor’s Parcel in the current Fiscal Year and (ii) the Annual Special Taxes expected to be levied on such Assessor’s Parcel in each remaining Fiscal Year, as determined by the Board, until the termination date specified in Section J. The discount rate used for this calculation shall be equal to the (i) Bond Yield after Bond issuance or (ii) 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.

**“Reserve Fund Credit”** means, for each owner of an Assessor’s Parcel wishing to prepay the Annual Special Tax obligation of such Assessor’s Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is under-funded at the time of the prepayment, no Reserve Credit shall be given.

**“School District”** means Menifee Union School District.

**“Special Tax”** means any of the special taxes authorized to be levied by CFD No. 2005-2 pursuant to the Act.

**“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.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor’s Parcel within CFD No. 2005-2 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Each Assessor’s Parcel of Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration the minimum Net Taxable Acreage as determined pursuant to Section K.

**SECTION C  
MAXIMUM SPECIAL TAXES**

**1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax for a given Final Map.

**2. Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D  
ASSIGNED ANNUAL SPECIAL TAXES**

**1. Developed Property**

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

**TABLE 1**

<i><b>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</b></i>	
<b>Building Square Feet</b>	<b>Assigned Annual Special Tax</b>
< 2,600 BSF	\$1,927.38 per Unit
2,601 – 2,900 BSF	\$2,081.48 per Unit
2,901 – 3,200 BSF	\$2,162.58 per Unit
3,201 – 3,500 BSF	\$2,235.58 per Unit
> 3,501 BSF	\$2,341.00 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$13,554.48 per acre of Acreage.

**SECTION E  
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map at time of calculation, as determined by the Board pursuant to Section K
L	=	Lots in the Final Map at the time of the calculation

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified area in the Final Map prior to the change or modification in the current Fiscal Year.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified area in the Final Map, as reasonably determined by the Board.
3. 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 which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Map.

#### **SECTION F EXCESS ASSIGNED ANNUAL SPECIAL TAX FROM DEVELOPED PROPERTY**

In any Fiscal Year, when proceeds of Assigned Annual Special Tax for Developed Property are greater than the Minimum Annual Special Tax Requirement then such amount shall be paid to the School District. The proceeds shall be used for acquisition, construction or financing school facilities in accordance with the Act and other applicable law as determined by the School District.

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

Commencing Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property (whose Maximum Special Tax is derived by application of the Backup Annual Special Tax), up to the Maximum Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.

## **SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2005-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

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

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

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of CFD No. 2005-2 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

## **SECTION I PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Map to a Homeowner, the owner of no less than all the Taxable Property within such Final Map may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the conveyance of the first production Unit on a Lot within a Final Map to a Homeowner such Final Map.

## **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount  
P<sub>G</sub> = the Prepayment Amount for the Assessor's Parcels to be prepaid calculated according to Section H  
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

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

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2005-2 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 for the Assessor's Parcels have 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 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 Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after the last series of Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

## **SECTION K EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 28.33 Acres of Acreage in CFD No. 2005-2. Notwithstanding the above, the 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 28.33 Acres of Acreage in CFD No. 2005-2. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all



Taxable Property to less than 28.33 Acres of Acreage in CFD No. 2005-2 will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

#### **SECTION L CLAIMS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim 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 any 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. A representative(s) of CFD No. 2005-2 ("Representative") shall promptly review the claim, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the claim. The decisions of the Representative(s) shall be final and binding. 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) as the representative's decisions 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, provided, however, that CFD No. 2005-2 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

## APPENDIX E

### FORM OF BOND COUNSEL OPINION

*Upon delivery of the Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Menifee Union School District Public Financing Authority, expects to render their final approving opinion with respect to the Bonds in substantially the following form:*

\_\_\_\_\_, 2025

Board of Directors  
Menifee Union School District Public Financing Authority  
29775 Haun Road  
Menifee, CA 92586

**OPINION:**     \$ \_\_\_\_\_ Menifee Union School District Public Financing Authority  
                         Special Tax Revenue Bonds, 2025 Series A

Members of the Board:

We have acted as bond counsel in connection with the issuance and delivery by the Menifee Union School District Public Financing Authority (the “Authority”) of the bonds captioned above (the “Bonds”), dated \_\_\_\_\_, 2025. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Bonds are issued under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6584), as amended (the “Act”), a resolution of the Board of Directors of the Authority adopted on June 10, 2025, and an Indenture of Trust dated as of July 1, 2025 (the “Indenture”), by and between the Authority and Zions Bancorporation, National Association, as trustee. Capitalized terms used but not defined herein have the meanings given to such terms in the Indenture.

The Bonds have been issued by the Authority to provide funds to refund certain outstanding revenue bonds of the Authority, and to purchase the CFD Bonds in order to refund certain outstanding bonds of the Districts and provide additional moneys for the acquisition and construction of additional school facilities. Under the Indenture, the Authority has pledged certain revenues (the “Revenues”), consisting primarily of all amounts received from the Districts pursuant to the Local Obligations, for the payment of principal, premium (if any) and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority and the Districts contained in the Indenture and each Fiscal Agent Agreement, as applicable, and on the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1.     The Authority is a public agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture to perform the agreements on its part contained therein and to issue the Bonds and to purchase the CFD Bonds.

2. The Indenture has been duly approved by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority.

3. The Indenture establishes a valid lien on and pledge of the Revenues and other funds pledged thereunder for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued in accordance with the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are legal, valid and binding obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Authority and the Districts comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the Districts have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from California personal income taxation.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (“Disclosure Certificate”), dated \_\_\_\_, 2025, is executed and delivered by the MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY (the “Issuer”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount the Meniffee Union School District Public Financing Authority Special Tax Revenue Bonds, 2025 Series A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2025 (the “Indenture”), by and between Zions Bancorporation, National Association, as trustee (the “Trustee”), and the Issuer. The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below). The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, 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” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“CFD Act” shall mean the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311) of Article 1 of Division 2 of Title 5 of the Government Code of the State of California, as it may hereafter be amended from time to time.

“Community Facilities District No. 2002-4” shall mean Community Facilities District No. 2002-4 of the Meniffee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2002-5” shall mean Community Facilities District No. 2002-5 of the Meniffee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-1” shall mean Community Facilities District No. 2003-1 of the Meniffee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-2 Improvement Area A” shall mean Improvement Area A of Community Facilities District No. 2003-2 of the Meniffee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-4” shall mean Community Facilities District No. 2003-4 of the Meniffee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2004-2” shall mean Community Facilities District No. 2004-2 of the Meniffee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2004-3” shall mean Community Facilities District No. 2004-3 of the Menifee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2004-4” shall mean Community Facilities District No. 2004-4 of the Menifee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2004-5” shall mean Community Facilities District No. 2004-5 of the Menifee Union School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2005-2” shall mean Community Facilities District No. 2005-2 of the Menifee Union School District, a community facilities district formed pursuant to the CFD Act.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

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

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 and any successor entity designated under the Rule as the repository for filings made pursuant to Section 15B(b)(2) of the Securities Exchange Act of 1934.

“Official Statement” shall mean that certain Official Statement for the Bonds dated \_\_\_\_\_, 2025.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at [www.emma.msrb.org](http://www.emma.msrb.org), any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

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

“School District” shall mean the Menifee Union School District.

“State” shall mean the State of California.

“Taxing Jurisdiction” means any one of Community Facilities District No. 2002-4, Community Facilities District No. 2002-5, Community Facilities District No. 2003-1, Community Facilities District No. 2003-2 Improvement Area A, Community Facilities District No. 2003-4, Community Facilities District No. 2004-2, Community Facilities District No. 2004-3, Community Facilities District No. 2004-4, Community Facilities District No. 2004-5 and Community Facilities District No. 2005-2.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than the February 1 following the end of the Issuer's Fiscal Year (June 30) commencing with the report due by February 1, 2026, provide to the Repository, in an electronic format and accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to date for providing the Annual Report the name and address of the Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing the Repository(ies) to which it was provided.

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

(a) The audited financial statements of the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the School District is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such audited financial statements are not available by the date required for filing the Annual Report.

(b) The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds and each series of Local Obligations outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund and account under the Indenture and each Local Obligation Fiscal Agent Agreement, the Reserve Requirement and Reserve Fund Account as of the September 30 preceding the filing of the Annual Report;

(iii) any changes to the Rates and Methods of Apportionment of the Special Taxes for each Taxing Jurisdiction approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared for each Taxing Jurisdiction;

(iv) an update of the estimated assessed value-to-lien ratio for each Taxing Jurisdiction substantially in the form of Table 15 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year; provided, however, that such update need only account for the CFD Bonds and the Prior CFD Bonds and shall not account for other land-secured debt and general obligation debt;

(v) the status of any foreclosure actions being pursued by the Districts within the Taxing Jurisdictions with respect to delinquent Special Taxes;

(vi) an update by Taxing Jurisdiction similar to Table A-7 of the total Special Taxes levied in the most recent prior fiscal year and the current fiscal year, and the total Special Taxes that remain unpaid for the prior fiscal year in which Special Taxes were levied and the number of delinquent parcels in each Taxing Jurisdiction;

(vii) any changes with respect to the inclusion or exclusion of the Taxing Jurisdictions in the County's Teeter Plan; and

(viii) any information not already included under (i) through (vii) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the 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.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated 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;
3. appointment of a successor or additional trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls;
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which reflect financial difficulties.



(c) In the event of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file, or cause the Dissemination Agent to file, a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer and that the Dissemination Agent, if other than the Issuer, shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Format for Filings with the MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be KeyAnalytics. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does

not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, the Trustee at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

Issuer:	Menifee Union School District Public Financing Authority c/o Menifee Union School District 29775 Haun Road Menifee, California 92586 Attention: Superintendent
---------	--

Dissemination Agent: KeyAnalytics  
27201 Puerta Real, Suite 260  
Mission Viejo, California 92691

To the Participating Underwriter: Stifel, Nicolaus & Company, Incorporated  
2121 Avenue of the Stars, Suite 2150  
Los Angeles, California 90067  
Attention: Public Finance

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Disclosure Certificate shall be construed and governed in accordance with the laws of the State of California.

MENIFEE UNION SCHOOL DISTRICT PUBLIC  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Executive Director

AGREED AND ACCEPTED:  
KEYANALYTICS, as Dissemination Agent

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING AUTHORITY

Name of Bond Issue: \$ \_\_\_\_\_ MENIFEE UNION SCHOOL DISTRICT PUBLIC FINANCING  
AUTHORITY SPECIAL TAX REVENUE BONDS, 2025 SERIES A

Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated \_\_\_\_\_, 2025. The Issuer anticipated that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

KEYANALYTICS,  
as Dissemination Agent on behalf of  
Menifee Union School District Public Financing Authority

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX G**

### **DTC AND THE BOOK-ENTRY-ONLY SYSTEM**

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the Authority which the Authority believes to be reliable, but the Authority and the Underwriters do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). Such website is not incorporated herein by such reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Community Facilities Districts or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Community Facilities Districts or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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



[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

[THIS PAGE INTENTIONALLY LEFT BLANK]



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**CALIFORNIA**  
**ENDORSEMENT TO**  
**MUNICIPAL BOND**  
**INSURANCE POLICY**  
**NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

\_\_\_\_\_  
Authorized Officer





